## INDUSTRY UPDATE

### *Handyman remnants re-emerge*

SAN DIEGO — Handyman is gone but not forgotten in this competitive home center market.

The Handyman chain was dissolved in late 1986 and in recent months its last remaining store locations have been remodeled and reopened by one-time competitors.

On June 17-19, Dixieline Lumber was scheduled to hold a grand opening of its 10th store, a former 50,000-square-foot Handyman outlet in the San Diego County city of Vista.

Last March, National Lumber opened its 20th store on Mira Mesa Boulevard, its second San Diego County outlet. This 66,000-square-foot store was owned by Handyman but never opened because Handyman quit the DIY business.

### Ill. debut set for Office Square

TROY, Mich. — Office Square, K mart's new warehouse-style office concept, will debut late this summer in Palatine, Ill., with a 25,000-square-foot unit, to be followed by a second store in the Chicago area.

Office Square is being developed by officials with Builders Square out of their San Antonio, Texas, headquarters.

The retail venture will sell office supplies, furniture and business equipment at 10 percent to 50 percent off manufacturer's list prices.

### Stor stops catalog distribution

LOS ANGELES — Stor is no longer distributing its 1988 catalog, which competitor IKEA claims contains "material copied without authority from the IKEA catalog."

But Stor stopped distributing the catalog before a judge in federal district court here could rule on IKEA's lawsuit seeking to ban the catalog.

This is the latest development in what is expected to be a long legal dispute between the two specialty furniture retailers. IKEA has brought a suit against Stor for copyright infringement (*NHCN*, May 30).

Stor was launched by former home center industry veteran Harvey Knell last October. Stor plans to open its second unit this November in Tustin, Calif., in a regional shopping center which will also feature The Home Depot and Home Express (NHCN, May 2, 1988).

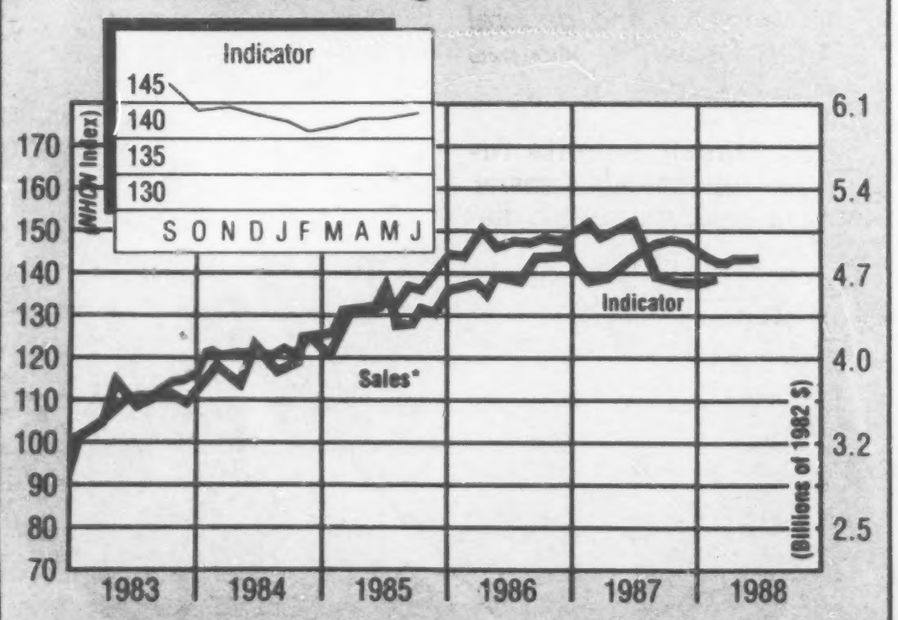
IKEA opened its first U.S. store in Plymouth Meeting, Pa., in 1985 and its second store in 1986 in Dale City, Va.

### *Nuway names product director*

BALTIMORE — Nuway Distributors, the wholesale supplier based here, has named Neal Tiffany to the post of director of merchandising.

He worked for Emery-Waterhouse in Maine and is now responsible for purchasing and inventory control, and researching and developing new merchandising programs.

### *NHCN* Leading Sales Indicator




*—Monthly retail trade building materials, hardware and supplies in (1982 $).

Indicator—represents an estimate offuture building material retail sales (adjusted for inflation) relative to Jan. 1980, based on current levels of housing starts and resales, personal income, interest rates and related data.

*The NHCN Leading Indicator is pointing to a decline in building materials sales in the second quarter due to weakness in single-unit housing starts and resales. The Business Watch Column (page 51) highlights the long-term outlook for building materials sales.*

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# Chase-Pitkin creates positions in merchandise division shuffle

*By an NHCN staff editor*

ROCHESTER, N.Y. — Chase-Pitkin has reorganized its merchandising division and promoted several executives to newly created positions, said Stephen Underwood, president.

The new jobs include a director of merchandising who will supervise three merchandisers. Buyers will report to the merchandisers.

Merchandisers will meet with new vendors and consider new items, closeouts and special promotions.

Buyers will handle reorders, store inventories, price changes and merchandise and advertising maintenance.

"This reorganization was done to make job functions more efficient through specialization and to create more opportunity to see new vendors and product offerings," Underwood said in a prepared statement.

As director of merchandising, James Mannix will supervise all merchandising and buying.

James Hoffman, Michael Wallace and Vincent Pallifrone were promoted to the new position of merchandiser.

Hoffman is merchandiser for hardlines and decor, including hardware, tools, plumbing, electrical, paint, floor and wall, frames and housewares.

Wallace became merchandiser for seasonal categories, including garden, growing stock, leisure living, trim-a-tree, furniture and shelving.

As merchandiser for building materials, Pallifrone will take charge of commodity and decorative building materials, millwork, and kitchens.

This management activity comes at a time when the chain has recently opened its newest unit in Newark, N.Y., a 55,000-square-foot store with a 35,000-square-foot drive-through lumberyard and a 2,200-square-foot kitchen and bath design center. Chase-Pitkin plans a 55,000-square-foot replacement unit for its Gates, N.Y., store to be completed by this fall.

# New Mid-Cape is largest on Cape Cod

*By an NHCN staff editor*

ORLEANS, Mass. — Mid-Cape Home Centers now has the largest store on Cape Cod since opening its newly expanded Hyannis unit on June 3.

The 15,000-square-foot extension almost doubled the original store's area, bringing it up to 27,000 square feet.

This $600,000 renovation has given Mid-Cape the space to add an entirely new millwork department occupying 1,200 square feet, and expanded displays of kitchens, bath, flooring and appliances.

The seven-unit chain is optimistic that the expansion will increase business in that unit by 20 percent this year, from its $6 million total in 1987, with a further 30 percent increase in 1989.

The Hyannis store and the newly remodeled unit in Kingston, Mass., off the Cape, could inject healthier sales into the company, which had a flat year in 1987 with total sales of $47 million.

Mid-Cape hopes that the Hyannis store will boost the consumer trade from its current 20 percent of total sales to 35 percent. But the kitchen and bath displays were designed for both builder and consumer customers.

The unit has strengthened the independent's hold in the town where its main rival, Hinckley Home Centers, has its base. Other market players include Grossman's, which has a small, predominantly retail store, as well as several independent hardware stores.

Although millwork has the company's second highest product sales with $12 million in 1987, it has been rather neglected in terms of merchandising and sales force.

*(Continued on page 61)*

Photo courtesy of Mid-Cape Home Centers

*Mid-Cape Home Centers' newly expanded store in Hyannis, Mass., features a new millwork department. Its central service desk's roof is made of of its own manufactured trusses.*

# Lloyd announces N.Y. unit openings

*By an NHCN staff editor*

DANBURY, Conn. — Lloyd Home and Building Centers has finally announced the opening of its two new stores in Monroe and Wappingers Falls, N.Y. These were originally expected to open this spring.

"We put them on hold because last year's losses indicated some systems' defects in inventory management," said Tom Cawley, president of the 34-unit chain. "We wanted to make sure we had this taken care of before opening."

The 50,000-square-foot Monroe store is scheduled to open on Aug. 30, and will be the chain's largest store to date. Wappingers Falls, which has a 30,000-square-foot selling area, is slated to open Oct. 15. Both are build-to-suit units.

No date has been announced for the third store opening in Cromwell, Conn., which still needs additional renovations according to Cawley.

Lloyd's is pursuing a policy of "business as usual" even though its parent, American Maize Products Co., put it up for sale on April 6. The parent is looking for buyers with the resources to "purchase and operate the business as an ongoing concern," according to its first-quarter statement.

A company official told *NHCN* last month that several companies had expressed interest in purchasing Lloyd's, though he declined to specify who they were and whether their interest extended to only parts of the company or all 34 of its stores.

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# Studies send mixed signals on housing's lumber usage

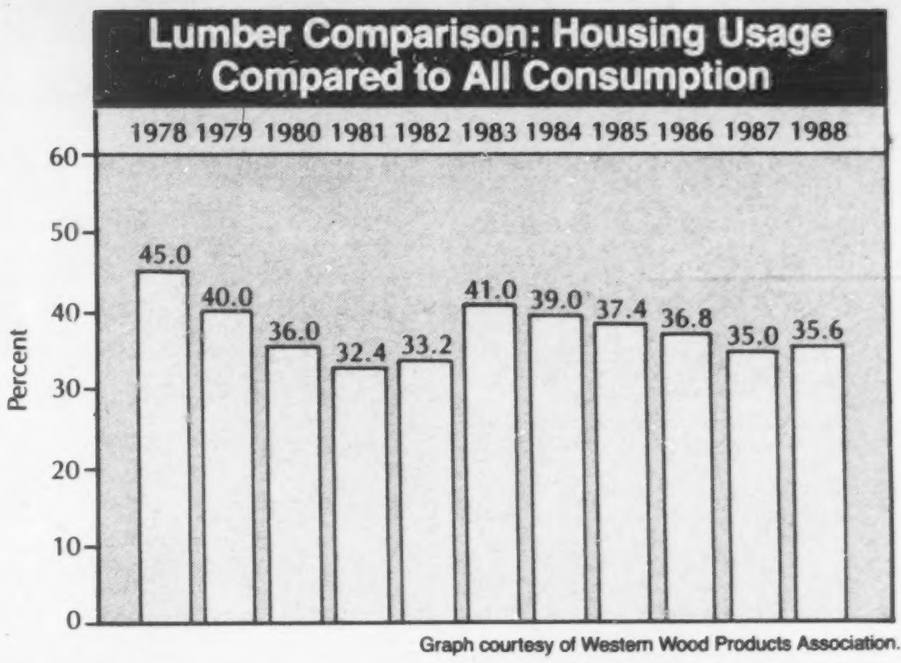
*By an NHCN staff editor*

PORTLAND, Ore. — The Western Wood Products Association has released two studies that support as well as dispute the contention that less lumber is going to the new housing market.

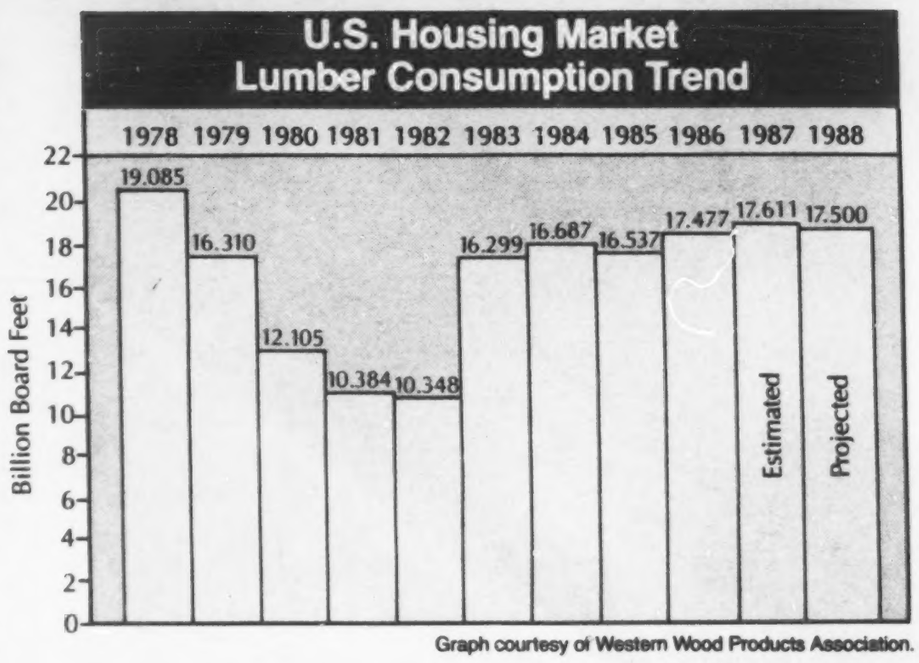
The studies track a 10-year period, beginning with the start of the recession in 1978 to projections for 1988, to show the patterns of lumber consumption in new housing both as a percent of total consumption and as a broad board foot measure.

When measured by the board foot, 1979—considered the base or normal year for housing starts at 1.76 million units—saw 16.3 billion board feet go to new residential construction. This was 40.5 percent of a total consumption of 40.2 billion board feet.

But in 1987, a year that witnessed an 8 percent decline in new housing starts from the level 10 years ago, 17.6 billion board feet of lumber went into new housing. This means, according to the WWPA's Economic Services Division, that more lumber is being used per start than was used a decade ago.



Graph courtesy of Western Wood Products Association.



Graph courtesy of Western Wood Products Association.

On the other hand, when the WWPA's study examined lumber use in new housing as a percent of total consumption, the pattern supports the observation that less lumber is making its way to the new housing market.

Ten years ago, 45 percent of all lumber was consumed in the new housing market. If projections hold for 1988, the WWPA is calling for 35.6 percent of all lumber to be used in residential construction. Last year, 35 percent went to the new housing market.

According to the association's report, the highest level of lumber consumption this decade in the new housing market was in 1983, the same year the economy began improving. Housing's need for lumber that year was 41 percent of total consumption.

"Ever since World War II, the demand for housing has had a tremendous influence on forest products producers," said Mac Epley, vp of the WWPA. "The problem with that, though, was this made the industry a victim of new housing's cyclicality.

"So ever since the last recession, the industry has been marketing its products to non-housing markets. The produc-

*(Continued on page 61)*

# *Lobbyists urge continued funding of Forest Service*

*By an NHCN staff editor*

WASHINGTON — Forest products lobbyists told a House subcommittee that continued funding to support the U.S. Forest Service (USFS) is needed in light of the record levels of consumption and production of lumber.

The House Subcommittee on Interior Appropriations, which oversees financing for the Department of Interior which, in turn, funds the USFS, approved a spending bill whose next step will be submission to the Senate.

**Affects public-land harvest**

The support of the measure is an important one for both forest products producers and lumber and building materials retailers because the extent of financing to the USFS is a reliable harbinger of the amount of timber capable of being harvested on federally owned forest land.

At the heart of the spending bill was the amount of money the USFS has to administer contracts for timber harvests.

Spokesmen from the National Forest Products Association (NFPA) presented some new data during discussion on the bill that underscored the need for producers to have more access to federal timber resources.

So far this year, the harvest on national forest lands has exceeded the pace of last year's record of 12.7 billion board feet, NFPA data reported. In the first six months of this year, harvests have exceeded the volume cut during the same period last year by 200 million board feet.

The pace is rapidly reducing the supply of public timber and is jeopardizing the ability of manufacturers to attract investment into their companies and maintain continuous production schedules, the NFPA argued. Many companies currently have less than a two-year supply under contract.

**DIY consuming big bite**

Because of the growing shortage of available timber, prices are high for federally harvested logs and it has created some shortages. The value of the timber sold this year is averaging 26 percent higher than the value sold in 1987, 62 percent higher than that in 1986.

*(Continued on page 61)*

# Darrer promoted to exec vp and gm of Moore's division

*By an NHCN staff editor*

ROANOKE, Va. — Norman Darrer has been promoted to executive vice president and general manager of Moore's, the 70-store Grossman's division based here.

Darrer had served as senior vice president and general merchandise manager of Moore's since April 1987.

He will continue to report to Robert L. Harrow, eastern region president of Grossman's, the Braintree, Mass.-headquartered parent company.

The promotion comes at a time when Moore's is engaged in a $10 million chain-wide renovation program, part of Grossman's three-year, $75 million upgrade of its 256 stores.

Last year, Darrer's first in the Moore's division, he said he sought advice from store employees on how to improve the chain.

The renovations reflect those suggestions with increased assortments in paint, hardware and lighting, he said.

*Norman Darrer will now serve as executive vp and general manager of Moore's.* NHCN photo

Other improvements include better brands, easier shopping and improved display, Darrer said.

Darrer came to Moore's with extensive experience at Grossman's and other stores.

After joining Grossman's in 1977, Darrer became a regional manager. In 1979, he was promoted to vice president and regional manager. He became senior vice president of operations in 1983.

He left the company for a period in 1985 and 1986 to become the operating executive of Mr. HOW Warehouse, the ill-fated warehouse home center division of Service Merchandise that expanded explosively but was eventually sold off.

When he returned, Darrer served as senior vice president of Grossman's Bargain Outlets Division before transferring to Moore's.

Before joining Grossman's, Darrer worked in retailing and finance for 18 years.

He started at Arlens department stores, spent 12 years with Bradlees and two years with Mammoth Mart, where he was vice president for operations and administration.

Darrer is an Army veteran and holds a bachelor's degree in accounting from Rhode Island's Bryant College.

# *McLendon's family affair thrives despite competition*

*By an NHCN staff editor*

WOODINVILLE, Wash. — McLendon Hardware was slated to open its third unit in a 30,000-square-foot retrofitted grocery store in this Seattle suburb in June, said Robert W. McLendon, president and ceo.

The Renton, Wash.-based chain is a family-run business that posted sales of about $20 million last year at its 100,000-square-foot flagship store and an 80,000-square-foot unit in Summer, Wash.

Both stores have approximately 60,000 stockkeeping units including lumber. Wood products contribute about 18 percent of sales.

"Our customers think we're a hardware store, but we're really a home center," McLendon said.

The Woodinville unit will stock the same merchandise assortment as the two larger stores, McLendon said. "We pride ourselves on our depth."

McLendon Hardware has managed to withstand the growing competition in the Pacific Northwest.

"I don't know why we're surviving so nicely with HomeClub just two miles away," said McLendon of one major local competitor that arrived two years ago. Ernst Home & Nursery also opened what, at the time, had been its prototype store in Woodinville in 1987.

> "Our customers think we're a hardware store, but we're really a home center. We pride ourselves on our depth."
>
> —Robert W. McLendon, *president and ceo, McLendon Hardware*

McLendon Hardware claims its competitive advantage is customer service. The company has been in the market since 1928. Many of its employees are part of the family.

"McLendon Hardware was started by my mom and dad," Robert McLendon explained. "I am one of their six children." His sister, Dorothy Thompson, is Renton store manager. Sixteen of the founders' grandchildren are on the company payroll.

Customers are loyal: "They only leave us when they die," said McLendon. "Hopefully, their children will continue to patronize us."

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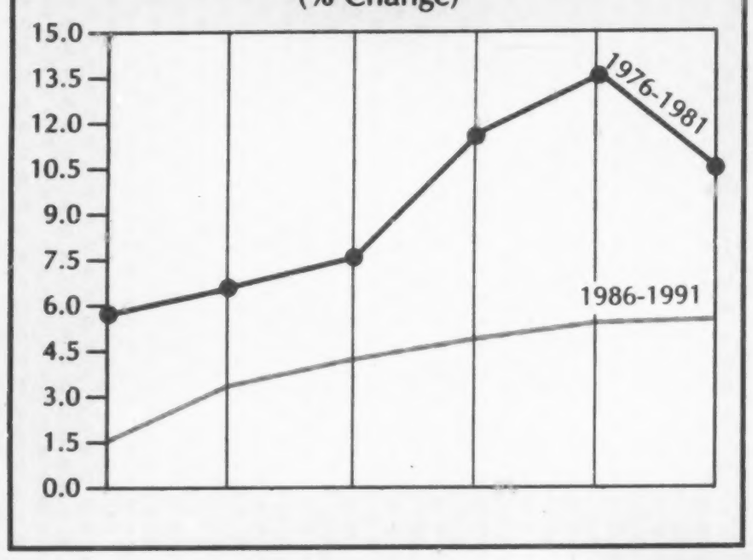
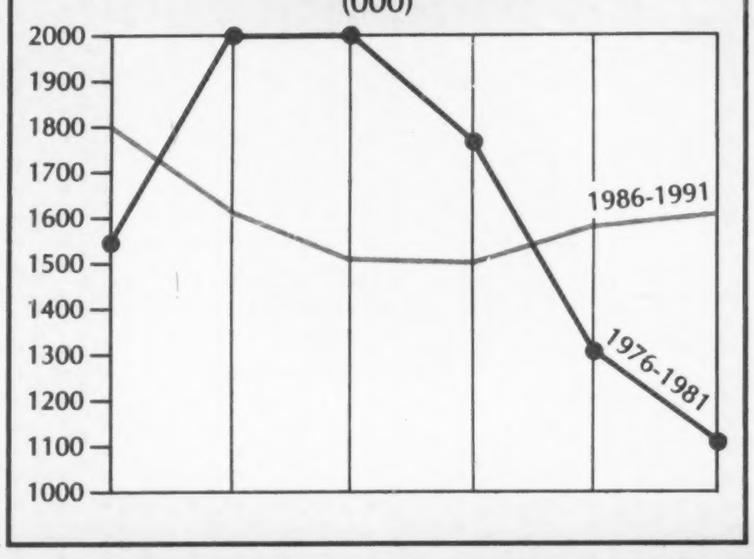
# Business Watch

Section 4

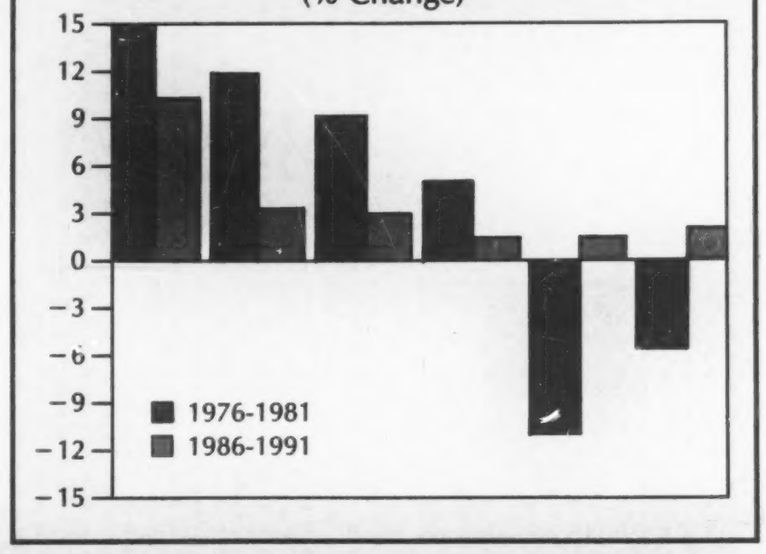
## As consumer prices rise slowly . .




## . . . and housing eases . . .




## . . . building material sales will post small gains




# Economic growth and material sales to slow in '89-'90

**By Richard E. Mount**
*Special to NHCN*

Economic growth and building material sales will slow during 1989 and 1990, but without falling into a recession. By 1991, faster growth should prevail. Because of higher inflation through this period, building material sales, in dollar volume, will rise at a 6 to 7 percent rate.

The current economic climate could be characterized by favorable developments for increased capital spending and net exports. On the negative side, housing, office and hotel construction, domestic energy drilling activity and auto production are undergoing retrenchment. Inflation is tame but rising with a resulting jump in interest rates.

*Richard E. Mount*

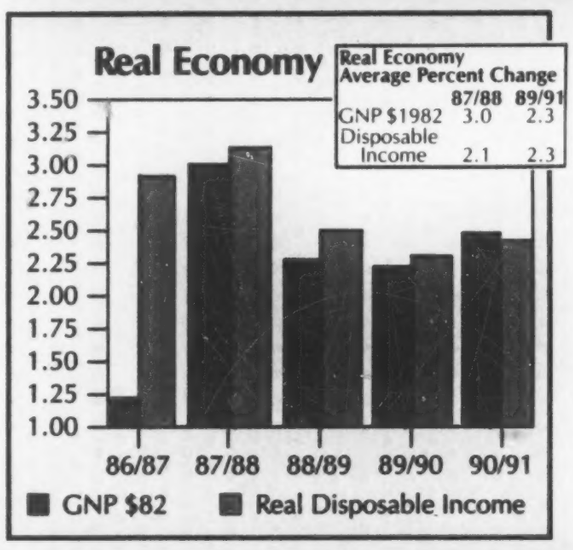
For 1989, GNP growth will slow to 2.4 percent after 3.1 percent in 1988. Capital spending and net exports will not advance as rapidly as in 1988 because of the stabilization of the dollar. Single unit starts and resales will remain under pressure from the continuing rise in mortgage rates.

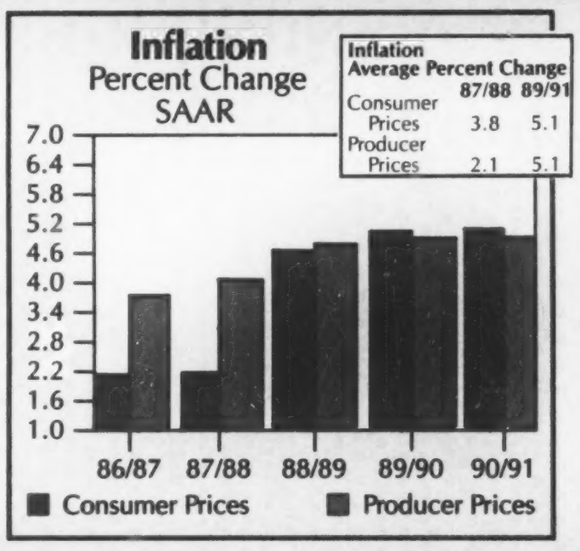
By 1990, inflation expectations will begin to be re-examined in light of the slow GNP growth during 1989 to 1990. While capital spending gains will be less than in 1989, total housing starts will begin to recover. Inflation should be slightly higher in 1990, especially because of rising energy prices. The Consumer Price Index could be up 5.1 percent. As financial markets recognize the continued wide gap between long-term interest rates and inflation, mortgage rates will begin to decline, increasing housing affordability.

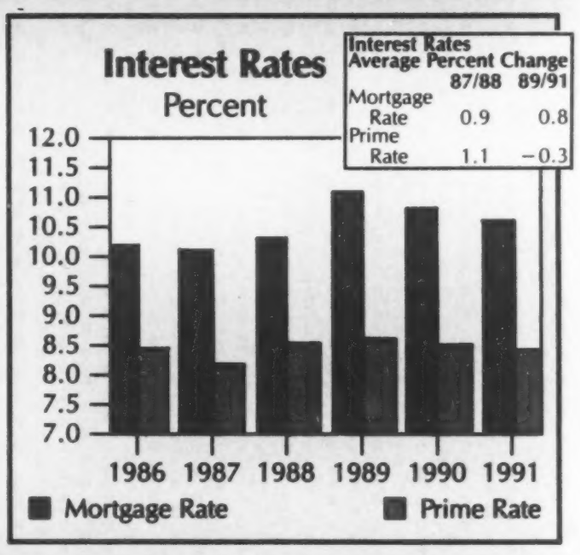
For building material retailers, unit sales are likely to be in the 1 to 1.5 percent range during 1989 to 1990 because of the slow rise in consumer income and softness in housing and resales. This rise would be well below the 2.4 percent gain expected for 1988. Inflation would be higher during this time, about 5 percent, increasing annual dollar sales volume by 6 to 7 percent.

*Richard Mount is president and chief economist with Mount Economic Consulting.*

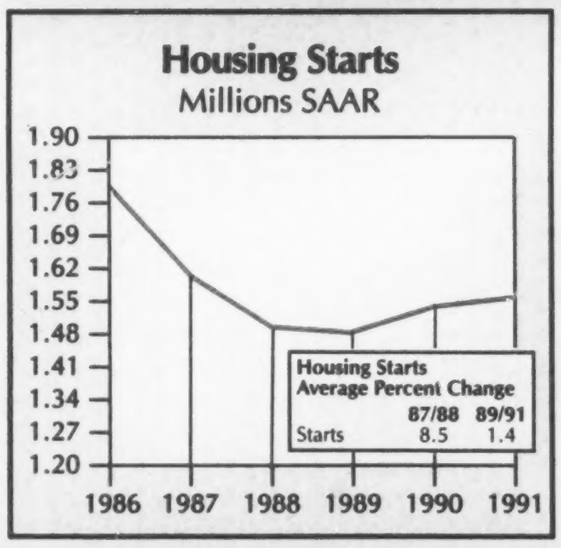
## General Business Conditions

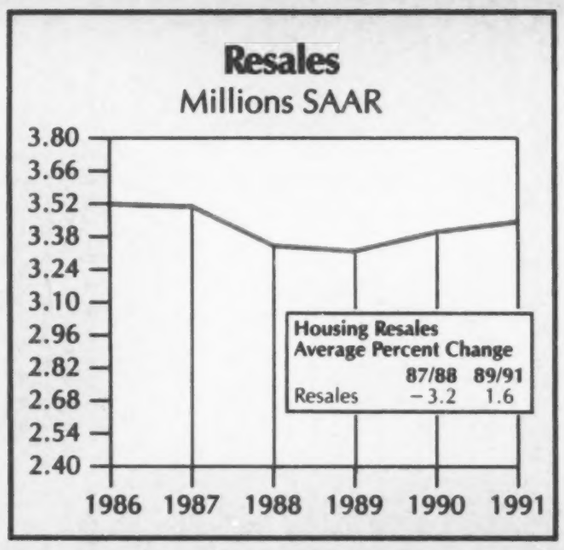


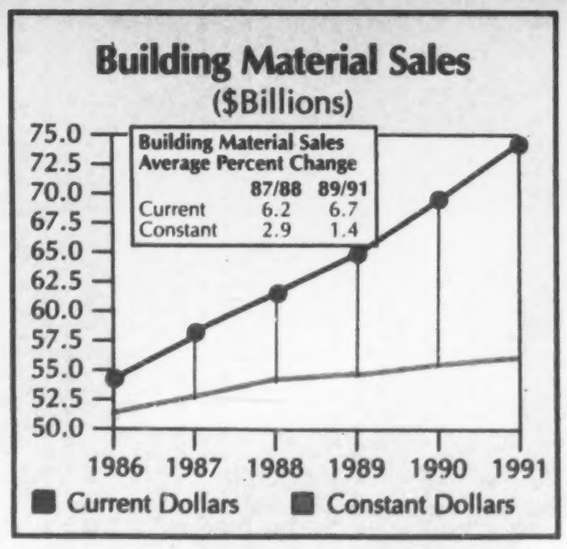



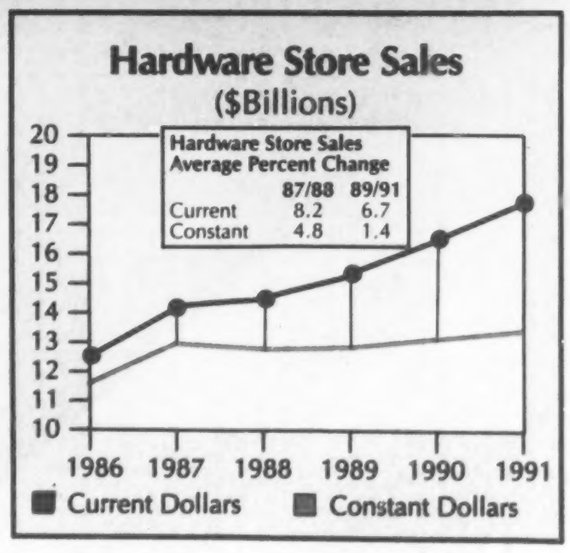

## Housing



## Retail Trade Activity




Data: Department of Commerce
Bureau of Labor Statistics
National Association of Realtors
Department of Housing and Urban Development

The Home Center Industry Outlook runs in two parts, in alternate issues. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material & supply store sales. The *NHCN* Leading Indicator runs every issue on page 5.

SAAR—Seasonally Adjusted Annual Rate
p—projection
*NHCN* chart

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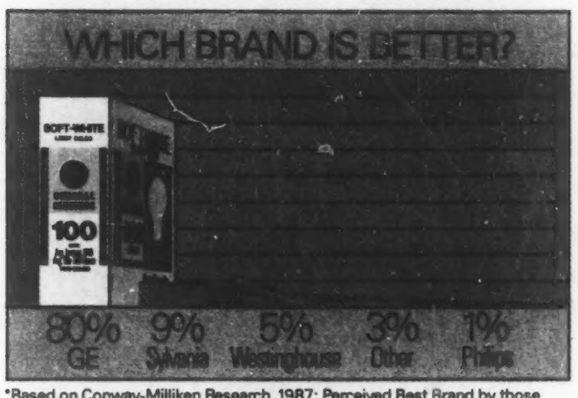


*Based on Conway-Milliken Research, 1987: Perceived Best Brand by those who say there is a difference.

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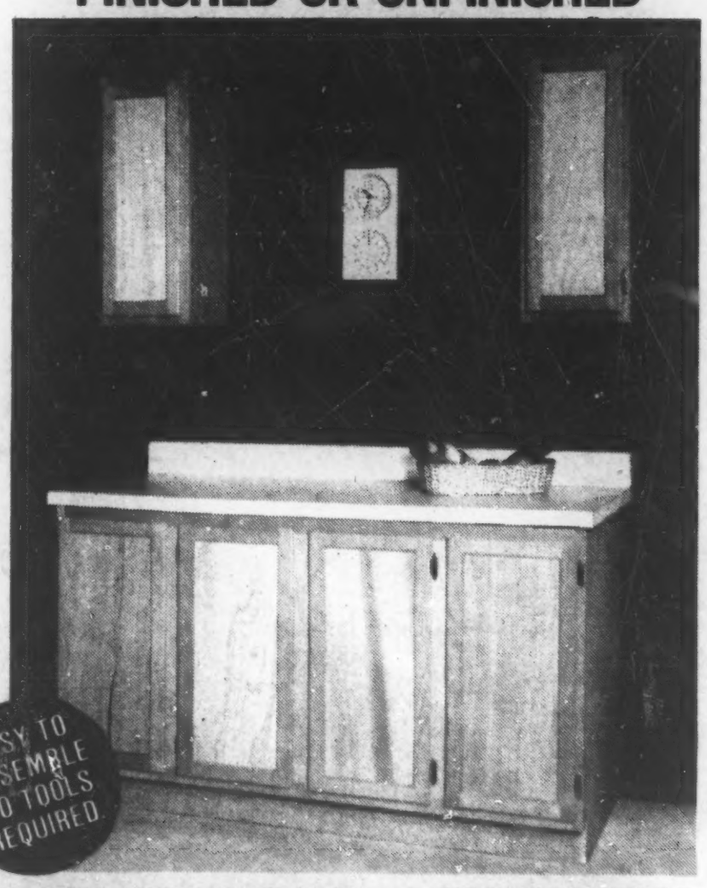


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# Business Watch

*housing*

## GE unveils concept house made mainly with plastic components

By John Caulfield

NEW YORK — Yet another "home of the future" has sprouted on the horizon. But this time, it's made of plastic.

After studying home building industries worldwide for three years, GE Plastics, based in Pittsfield, Mass., early this month unveiled a model of its "Living Environments" concept house, with many components—walls, roofing, flooring and subsystems—constructed with high performance engineering polymers as opposed to wood, metal or concrete.

*A development scale model of GE Plastics' house. The actual house will be 3,000 square feet and should be ready by July 1989.* photo courtesy of GE Plastic

The actual house, designed by the California architectural firm Richardson Nagy Martin, will be 3,000 square feet and is expected to be completed by July 1989. Ground breaking will occur this fall about a mile from GE's headquarters, and the total project is expected to cost $4 million. It will serve as a laboratory for GE to test the home building efficiencies of its (reusable) polymer materials and to experiment with new methods of construction.

The reason that GE, a leading supplier of thermoplastics, appliance and automotive parts and electronics, has decided to help create what senior vp Glen Hiner calls "the ultimate consumer good" is simple: Housing, as currently produced using traditional materials, has become too expensive for the majority of Americans to afford.

"The building industry is open to fundamental change because it is being squeezed between rapidly rising costs and intensifying competition," said Uwe Wascher, GE Plastics' vp-marketing.

He suggested that if inflation rears its head again, "this nation may be confronted with a historic situation: housing priced far beyond the means of all but the wealthiest consumers," which Wascher insisted would be "a prescription for economic and social disaster" because it would affect the housing industry and those products related to home ownership in which home centers specialize.

GE's officials are quick to note, however, that it is not getting into home building, but wishes to work in partnership with those manufacturers whose expertise is in this field. For example, the company has already had discussions with Weyerhaeuser and U.S. Gypsum; Ryan Homes will supply the major panels for the project, and is working with GE to look into new ways to make standardized, factory-produced building components.

"We're talking about our developing alliances not only with businesses within the industry but also with businesses outside the industry," explained Joe Reed, GE Plastics manager of industrial development. "We're talking about creating a whole new fabricating industry."

### Myriad applications

Reed and Living Environments program manager Michael Dickens detailed some main features of the polymer concept house:

- The focal point of the concept home will be what GE Plastics is calling its "Total Environmental Control" system that provides four functions: air conditioning, water conditioning, energy management and gas control. The home's construction will be integrated into the system, which would in turn determine where the polymer products would best be installed.

In conjunction with Steve Winter Associates in New York, GE Plastics will also experiment with radiant wall panels that are heated by forced hot air running behind the wall. Dickens envisioned polymer wall and floor panels that include conduits for plumbing and electrical that come in sections which could be removed and retrofitted;

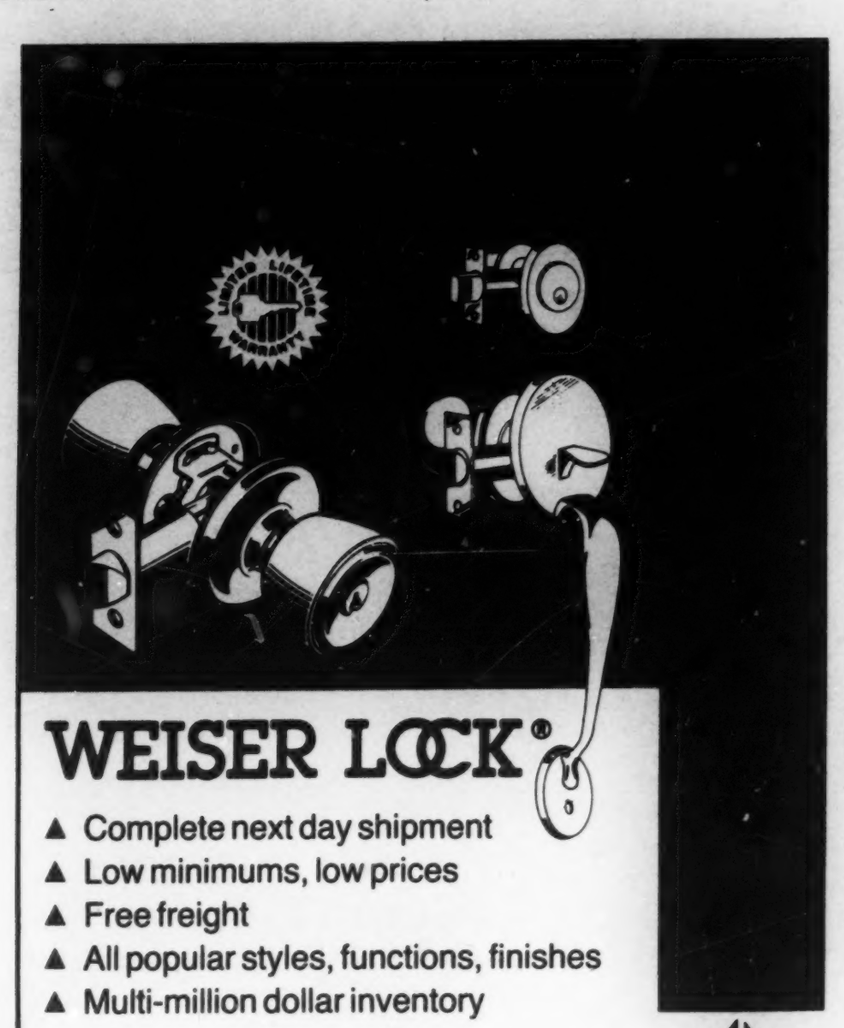
- Injection mold processing could also be used to mass produce window grills and doors, whose panels can be computer designed and be made flame retardant;
- Engineered polymer forms would be employed for concrete foundations;
- Engineering polymers would be used for ceilings and roofs that could eliminate the need for trusses, and allow more flexibility for the installation of gables, skylights and other features.

GE Plastics executives noted that the home which ultimately uses engineering polymers in its construction is unlikely to closely resemble the 1988 display model. And they were emphatic that GE didn't intend to replace traditional building materials, but to bring these products together with plastics to substantially reduce the overall cost of a home.

Those costs could not be determined at this early date by GE's officials. But they did address the concern that petroleum-based polymers would cost considerably more than lumber and other commodities by explaining that the chemicals industry only consumes 4 percent of all petroleum produced (and therefore is less impacted by price fluctuations); and added that the real cost savings in this house concept come when its lighter weight components are mass produced for extensive construction application.

The one question that was not resolved, though, is how willing builders will be to begin using what for nearly all would be completely alien products. However, Wascher thought that polymer components would become more acceptable as home builders and contractors became familiar with their utility and cost effectiveness.

"It may not happen this year or next. It may not happen in three years or five. But it will happen. And probably sooner than later," said Wascher, who estimated the "rapid penetration" of plastics would occur "in the early to middle 1990s."



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# Builders Square expects first annual profit

*By an NHCN staff editor*

CHICAGO — K mart will squeeze its first annual profit out of its Builders Square subsidiary this year "come hell or high water," the parent's chairman told investment analysts.

K mart chairman Joseph Antonini told analysts here June 1 that the corporation's specialty division would try to cut expenses and trim inventory at the 118-unit Builders Square chain, confirmed Orren Knauer, director of investor relations for the Troy, Mich., giant.

### Confirms expansion plans

Knauer confirmed Builders Square plans to add 15 units to the chain in 1988, slowing expansion that has taxed the parent since it bought the warehouse chain in 1984.

Antonini expects Builders Square comparable store sales to grow 7 percent to 12 percent annually. And, over the next five years, the chain sales are projected to hit $3 billion.

Last year, Builders Square accounted for sales of $1.4 billion, or 40 percent of K mart's specialty division's total of $3.5 billion.

The other specialty components, Payless NW drugstores, Waldenbooks and a small Canadian company, Bargain Harolds, brought in the rest. *Drug Store News* estimates Payless returned $1.2 billion in sales last year.

Last year, K mart reported sales of $25.6 billion.

Knauer said in 1988 the specialty group will include its MAKRO warehouse club and a new hypermarket entry, American Fare, slated to open in December.

By 1990, Antonini expects specialty units to contribute 15 percent to 20 percent of the chain's profits, up from the current 5 percent. And he told analysts the specialty groups would increase their contribution to corporate volume from the current 14 percent to the 20 percent-to-25 percent range.

# *Waxman Ind. announces stock split*

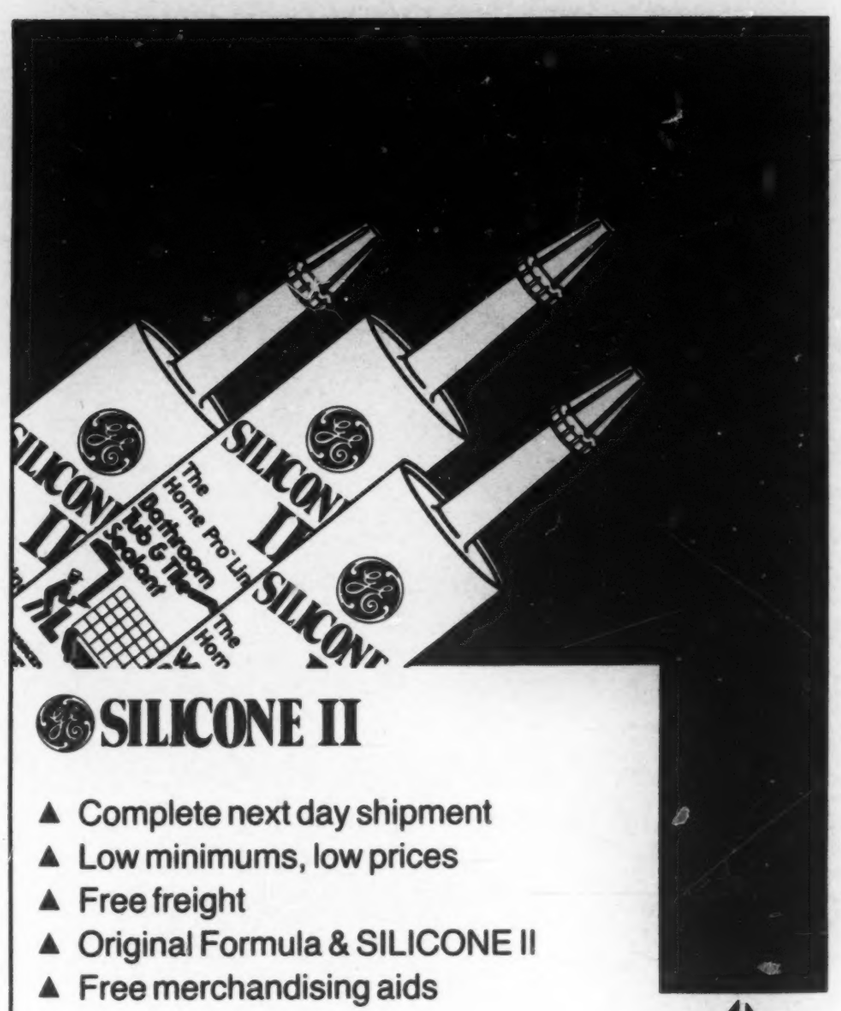
*By an NHCN staff editor*

BEDFORD HEIGHTS, Ohio — Waxman Industries announced a three-for-two split on its common and class B stock July 1 to shareholders of record June 17.

The company previously had announced a hike in its July 1 dividend, which was based on pre-split shares, to an annual 35 cents a share versus 25 cents.

The company stated that future dividends will reflect the split.

President Armond Waxman said the increase in shares available for public trading would "stimulate greater retail and institutional interest."



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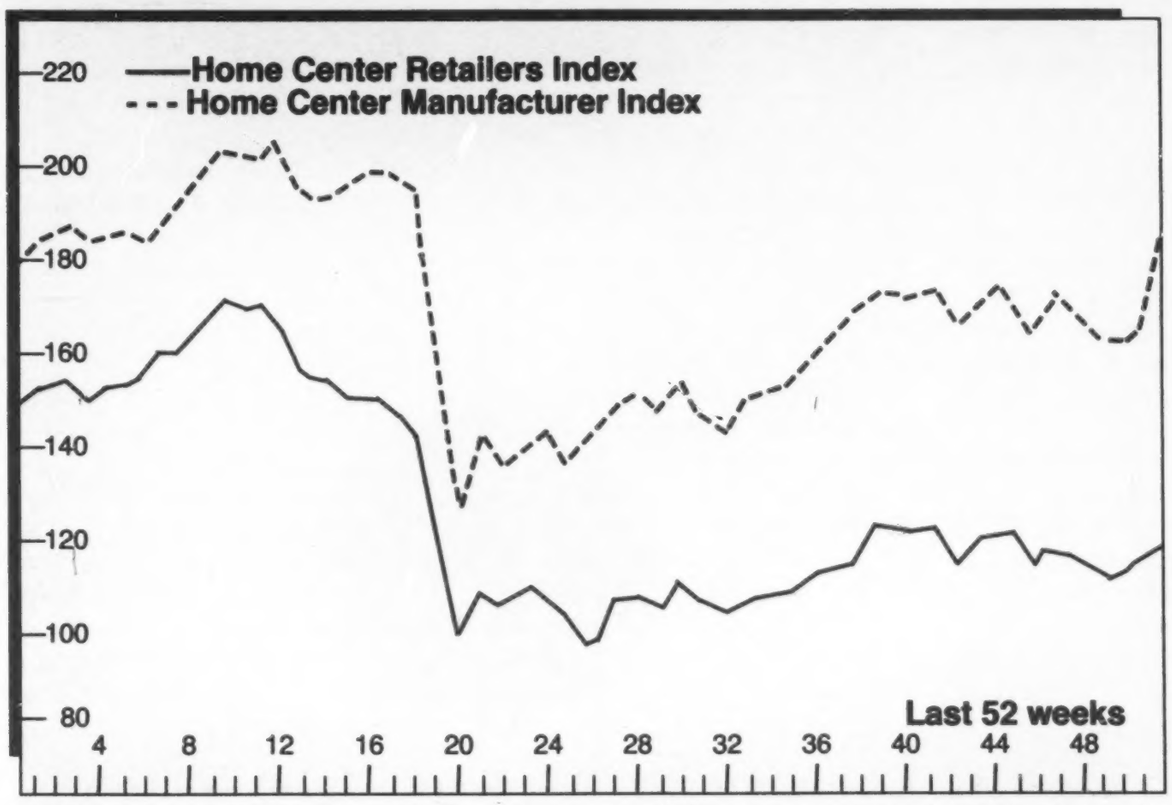
# Business Watch

stocks




The home center retailer and manufacturer stock market indices are a measurement of the changes in aggregate market value compared to their value on June 10, 1988, which has been set to equal 100 on the index. Aggregate market value is the sum of each stock's price multiplied by its number of shares outstanding, adjusted to eliminate the effects of additions or deletions to the *NHCN* stock list.

## Stocks make comeback moves

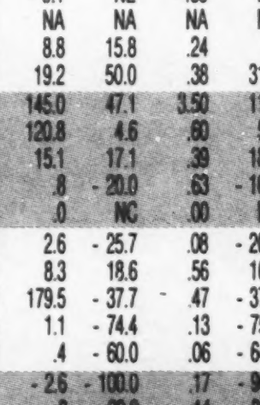
The home improvement industry made a strong comeback during the two-week period ending June 10. Of the 54 stocks tracked for *NHCN* by Media General, only nine posted losses, and three remained flat. The remainder showed gains for the reporting period.

Among retailers, Payless Cashways saw a 14.5 percent rise in its stock price as management considered a leveraged buyout to fend off corporate raiders Asher Edelman and Dwight Sutherland. It closed at $25.63 per share, with more than two million shares traded on June 10 alone.

It was The Home Depot, however, that posted the strongest gains among retailers for the period, up 18.7 percent to close at $27.75, and even Lowe's showed a stronger gain than Payless Cashways, up 16 percent to $22.63. National Hardgoods showed the greatest loss, down 11.9 percent.

All of the wholesalers suffered losses for the period, even Palmer Lewis, which is being eyed for takeover by two distributors. It was off by 2.3 percent to $10.75. Moore Handley was down 5.9 percent to $4 per share, and Hughes Supply closed down 1.4 percent to $26.

Manufacturers regained lost ground from two weeks ago, with only two still showing negative numbers. DeSoto enjoyed the strongest gains, up 14.2 percent. Weyerhaeuser also posted strong gains, up 13.8 percent to 27.13, but this is still down from its closing price of $35.75 two weeks earlier. Only American Consumer Products and Clairson International suffered losses, while American Standard and Mor-Flo remained flat.




National Home Center News

## HOME CENTER MARKET SUMMARY

| Company and Market | Stock Market: 2-Weeks Ended 6-10-88 | Price: 2-Weeks Change Amt. | Price: 2-Weeks Change Pct. | Price: 2-Week Range High | Price: 2-Week Range Low | Price: 52-Week Range High | Price: 52-Week Range Low | Volume: 2-Weeks Shares Traded Total | Volume: 2-Weeks Shares Traded % Out | Volume: 12-Week Avg. Vol. As % Out | Volume: Volume Trend Change | Financial Update: P/E Ratio | Indicated Divd. Rate Amt. | Indicated Divd. Rate Yld. | Latest Report: New Report | Latest Report: Period | Latest Report: Date Ended | Latest Quarter: Revenue Amt. | Latest Quarter: Revenue Chg. | Latest Quarter: Net Income Amt. | Latest Quarter: Net Income Chg. | Latest Quarter: E.P.S. Amt. | Latest Quarter: E.P.S. Chg. | Year-to-Date: Revenue Amt. | Year-to-Date: Revenue Chg. | Year-to-Date: Net Income Amt. | Year-to-Date: Net Income Chg. | Year-to-Date: E.P.S. Amt. | Year-to-Date: E.P.S. Chg. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| - | $ | $ | % | $ | $ | $ | $ | (100) | % | % | % | - | $ | % | - | - | - | $Mil | % | $Mil | % | $ | % | $Mil | % | $Mil | % | $ | % |
| **Retailers** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gen Bldg Prods M | 5.00 | - .13 | - 2.4 | 5.38 | 5.00 | 11.75 | 4.00 | 1,020 | 2.54 | .84 | 202.4 | 10.9 | .00 | .0 | ..... | 3 mos. | 02-88 | 14.9 | 15.5 | - .1 | - 100.0 | - .03 | - 100.0 | 14.9 | 15.5 | - .1 | - 100.0 | - .03 | - 100.0 |
| Grossman's Inc M | 6.25 | - .13 | - 2.0 | 6.75 | 6.25 | 10.00 | 4.13 | 5,835 | 2.23 | 1.59 | 40.3 | 12.5 | .00 | .0 | ..... | 3 mos. | 03-88 | 204.0 | 6.3 | - 9.1 | NE | - .35 | NE | 204.0 | 6.3 | - 9.1 | NE | - .35 | NE |
| Hechinger A M | 19.25 | 1.50 | 8.5 | 19.50 | 17.75 | 26.50 | 14.25 | 6,593 | 4.57 | 3.02 | 51.3 | NA | .16 | .8 | ..... | | 00-00 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Hechinger B M | 19.00 | 1.25 | 7.0 | 19.00 | 17.50 | 26.75 | 15.50 | 359 | .22 | .24 | - 8.3 | 16.2 | .06 | .3 | ..... | 3 mos. | 04-88 | 238.8 | 44.9 | 8.8 | 15.8 | .24 | .0 | 238.8 | 44.9 | 8.8 | 15.8 | .24 | .0 |
| Home Depot N | 27.75 | 4.38 | 18.7 | 27.75 | 23.38 | 28.09 | 12.13 | 12,980 | 2.64 | 1.51 | 74.8 | 22.7 | .12 | .4 | ..... | 3 mos. | 04-88 | 446.6 | 33.7 | 19.2 | 50.0 | .38 | 31.0 | 446.6 | 33.7 | 19.2 | 50.0 | .38 | 31.0 |
| INTERCO Inc N | 43.38 | 1.13 | 2.7 | 44.50 | 41.75 | 54.00 | 29.50 | 4,905 | 1.36 | 1.11 | 22.5 | 12.4 | 1.72 | 4.0 | NEW | fiscal | 02-88 | 793.1 | 21.7 | 56.6 | 18.1 | .93 | - 6.1 | 3341.4 | 27.8 | 145.0 | 47.1 | 3.50 | 11.8 |
| K mart Cp N | 34.38 | 2.00 | 6.2 | 34.63 | 32.25 | 48.38 | 21.63 | 38,230 | 1.90 | 1.05 | 81.0 | 10.0 | 1.32 | 3.8 | ..... | 3 mos. | 04-88 | 5841.8 | 4.4 | 120.8 | 4.6 | .60 | 5.3 | 5841.8 | 4.4 | 120.8 | 4.6 | .60 | 5.3 |
| Lowe's Cos N | 22.63 | 3.13 | 16.0 | 22.88 | 19.38 | 29.38 | 15.25 | 4,600 | 1.16 | .77 | 50.6 | 14.1 | .44 | 1.9 | NEW | 3 mos. | 04-88 | 590.6 | 3.8 | 15.1 | 17.1 | .39 | 18.2 | 590.6 | 3.8 | 15.1 | 17.1 | .39 | 18.2 |
| Natl Hardgoods M | 4.63 | - .63 | - 11.9 | 5.25 | 4.50 | 9.25 | 3.75 | 290 | 2.14 | .50 | 328.0 | 7.3 | .00 | .0 | ..... | fiscal | 01-88 | 12.7 | 19.8 | .4 | - 20.0 | .32 | - 8.6 | 45.8 | 25.8 | .8 | - 20.0 | .63 | - 10.0 |
| Natl Lumber M | 3.25 | .00 | .0 | 3.50 | 3.00 | 5.75 | 2.50 | 185 | .33 | .43 | - 23.3 | NE | .00 | .0 | ..... | * | 01-88 | NC | NC | NC | NC | NC | NC | 158.8 | NC | .0 | NC | .00 | NC |
| Payless Cash N | 25.63 | 3.25 | 14.5 | 26.13 | 21.75 | 26.13 | 9.63 | 56,989 | 16.45 | 5.72 | 187.6 | 32.4 | .16 | .6 | ..... | 3 mos. | 02-88 | 357.7 | 7.7 | 2.6 | - 25.7 | .08 | - 20.0 | 357.7 | 7.7 | 2.6 | - 25.7 | .08 | - 20.0 |
| Scotty's Inc N | 13.38 | .63 | 4.9 | 13.63 | 12.63 | 15.88 | 10.00 | 482 | .33 | .29 | 13.8 | 16.9 | .52 | 3.9 | ..... | 9 mos. | 03-88 | 137.3 | 2.0 | 3.5 | 16.7 | .23 | 9.5 | 394.5 | 4.1 | 8.3 | 18.6 | .56 | 16.7 |
| Sears, Roebuck N | 35.63 | 2.13 | 6.3 | 36.38 | 33.00 | 59.50 | 26.00 | 67,612 | 1.79 | 1.58 | 13.3 | 8.8 | 2.00 | 5.6 | ..... | 3 mos. | 03-88 | 12157.9 | 16.0 | 179.5 | - 37.7 | .47 | - 37.3 | 12157.9 | 16.0 | 179.5 | - 37.7 | .47 | - 37.3 |
| Std Brd Pnt N | 13.38 | .88 | 7.0 | 13.50 | 12.63 | 31.88 | 10.63 | 2,352 | 4.47 | 1.88 | 137.8 | NE | .00 | .0 | NEW | 3 mos. | 04-88 | 73.8 | - 6.5 | 1.1 | - 74.4 | .13 | - 75.0 | 73.8 | - 6.5 | 1.1 | - 74.4 | .13 | - 75.0 |
| Strober Organiz M | 11.88 | .63 | 5.6 | 12.25 | 11.50 | 13.00 | 6.25 | 473 | .78 | .45 | 73.3 | 15.6 | .00 | .0 | ..... | 3 mos. | 03-88 | 28.1 | 31.9 | .4 | - 60.0 | .06 | - 64.7 | 28.1 | 31.9 | .4 | - 60.0 | .06 | - 64.7 |
| Wickes Cos N | 10.38 | .25 | 2.5 | 10.38 | 9.88 | 25.00 | 7.25 | 10,647 | 2.23 | 1.40 | 59.3 | NE | .00 | .0 | NEW | 3 mos. | 04-88 | 928.1 | - 39.7 | - 2.6 | - 100.0 | .17 | - 90.0 | 928.1 | - 39.7 | - 2.6 | - 100.0 | .17 | - 90.0 |
| Wolohan Lumber M | 14.50 | - .50 | - 3.3 | 15.50 | 14.38 | 18.75 | 8.75 | 1,588 | 2.72 | 1.47 | 85.0 | 9.7 | 24 | 1.7 | ..... | 3 mos. | 03-88 | 42.3 | 3.2 | .8 | - 20.0 | .14 | - 22.2 | 42.3 | 3.2 | .8 | - 20.0 | .14 | - 22.2 |
| Zayre Corp N | 21.13 | 1.13 | 5.6 | 21.63 | 19.88 | 37.00 | 13.50 | 29,643 | 5.23 | 5.27 | - .8 | 11.6 | .40 | 1.9 | ..... | 3 mos. | 04-88 | 1450.9 | 12.0 | 4.5 | - 78.7 | .08 | - 77.8 | 1450.9 | 12.0 | 4.5 | - 78.7 | .08 | - 77.8 |
| **Wholesalers** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hughes Supply N | 26.00 | - .38 | - 1.4 | 26.75 | 25.88 | 30.25 | 19.75 | 383 | 1.15 | .56 | 105.4 | 9.2 | .44 | 1.7 | NEW | 3 mos. | 04-88 | 116.5 | 21.6 | 2.1 | 5.0 | .65 | 12.1 | 116.5 | 21.6 | 2.1 | 5.0 | .65 | 12.1 |
| Moore Handley M | 4.00 | - .25 | - 5.9 | 4.75 | 3.88 | 9.00 | 3.75 | 63 | .26 | .18 | 44.4 | NE | .00 | .0 | ..... | 3 mos. | 03-88 | 25.8 | 9.3 | - .1 | - 100.0 | - .02 | - 100.0 | 25.8 | 9.3 | - .1 | - 100.0 | - .02 | - 100.0 |
| Lewis Palmer M | 10.75 | - .25 | - 2.3 | 11.00 | 10.75 | 11.50 | 5.75 | 905 | 2.40 | 4.23 | - 43.3 | 25.0 | .28 | 2.6 | ..... | 3 mos. | 04-88 | 53.3 | .8 | .4 | 33.3 | .12 | 33.3 | 53.3 | .8 | .4 | 33.3 | .12 | 33.3 |
| **Manufacturers** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Am Consum Prods M | 10.50 | - .31 | - 2.9 | 11.00 | 10.41 | 11.81 | 6.31 | 827 | 3.18 | .94 | 238.3 | 15.0 | .00 | .0 | ..... | 3 mos. | 03-88 | 17.5 | 90.2 | .4 | 33.3 | .17 | 54.5 | 17.5 | 90.2 | .4 | 33.3 | .17 | 54.5 |
| Am Standard N | 77.25 | .00 | .0 | 77.63 | 76.75 | 78.25 | 30.50 | 1,058 | .34 | 2.33 | - 85.4 | 18.4 | 1.80 | 2.3 | ..... | 3 mos. | 03-88 | 900.8 | 15.5 | 21.3 | - 1.4 | .67 | 3.1 | 900.8 | 15.5 | 21.3 | - 1.4 | .67 | 3.1 |
| Am Woodmark M | 8.50 | .13 | 1.5 | 8.50 | 8.25 | 14.09 | 5.91 | 164 | .22 | .14 | 57.1 | 10.9 | .00a | .0 | ..... | 9 mos. | 01-88 | 29.9 | 14.1 | .7 | - 41.7 | .09 | - 40.0 | 96.0 | 11.0 | 4.4 | - 17.0 | .58 | - 19.4 |
| Armstrng Wrld N | 40.25 | 4.63 | 13.0 | 41.25 | 35.63 | 47.38 | 22.50 | 17,209 | 3.72 | 2.03 | 83.3 | 12.0 | 1.00 | 2.5 | ..... | 3 mos. | 03-88 | 629.5 | 16.3 | 39.0 | 22.3 | .84 | 25.4 | 629.5 | 16.3 | 39.0 | 22.3 | .84 | 25.4 |
| Black & Decker N | 21.75 | .88 | 4.2 | 22.75 | 21.00 | 26.50 | 13.00 | 28,493 | 4.87 | 2.55 | 91.0 | 16.7 | .40 | 1.8 | ..... | 6 mos. | 03-88 | 537.8 | 22.6 | 21.2 | 130.4 | .36 | 125.0 | 1150.1 | 18.8 | 52.3 | 65.5 | .89 | 64.8 |
| Boise Cascade N | 45.63 | 4.25 | 10.3 | 45.88 | 41.38 | 51.16 | 28.81 | 11,008 | 2.44 | 1.38 | 76.8 | 10.4 | 1.20 | 2.6 | NEW | 3 mos. | 03-88 | 1016.3 | 11.4 | 68.5 | 70.4 | 1.47 | 86.1 | 1016.3 | 11.4 | 68.5 | 70.4 | 1.47 | 86.1 |
| Champ Intl N | 35.38 | 2.88 | 8.8 | 35.88 | 32.00 | 44.63 | 21.75 | 33,741 | 3.55 | 1.69 | 110.1 | 7.8 | 1.00 | 2.8 | ..... | 3 mos. | 03-88 | 1266.1 | 15.4 | 102.0 | 83.8 | 1.07 | 81.4 | 1266.1 | 15.4 | 102.0 | 83.8 | 1.07 | 81.4 |
| Clairson Intl M | 4.50 | - .38 | - 7.7 | 4.88 | 4.50 | 18.25 | 4.50 | 542 | 1.07 | .64 | 67.2 | NE | .00 | .0 | ..... | 6 mos. | 03-88 | 27.5 | 45.5 | - 2.6 | - 100.0 | - .50 | - 100.0 | 51.2 | 45.5 | - 2.2 | - 100.0 | - .42 | - 100.0 |
| Cooper Indus N | 60.00 | 4.13 | 7.4 | 60.38 | 56.38 | 74.50 | 39.00 | 7,919 | 1.56 | 1.06 | 47.2 | 16.9 | 1.80 | 3.0 | ..... | 3 mos. | 03-88 | 925.5 | 15.6 | 32.2 | 16.7 | .64 | 14.3 | 925.5 | 15.6 | 32.2 | 16.7 | .64 | 14.3 |
| DeSoto Inc N | 33.25 | 4.13 | 14.2 | 34.00 | 28.88 | 42.00 | 21.00 | 1,239 | 3.11 | .71 | 338.0 | 13.0 | 1.40 | 4.2 | ..... | 3 mos. | 03-88 | 97.5 | 8.0 | 1.8 | - 18.2 | .44 | - 18.5 | 97.5 | 8.0 | 1.8 | - 18.2 | .44 | - 18.5 |
| Emhart Corp N | 21.13 | .13 | .6 | 22.88 | 20.75 | 26.63 | 15.50 | 10,264 | 1.64 | .80 | 173.3 | 11.9 | .80 | 3.8 | ..... | 3 mos. | 03-88 | 694.5 | 15.3 | 32.6 | 16.4 | .53 | 17.8 | 694.5 | 15.3 | 32.6 | 16.4 | .53 | 17.8 |
| Georgia Pacific N | 40.00 | 2.88 | 7.7 | 40.25 | 37.13 | 48.38 | 22.75 | 19,717 | 1.86 | 1.55 | 20.0 | 8.8 | 1.20 | 2.0 | ..... | 3 mos. | 03-88 | 2115.0 | 14.0 | 106.0 | 32.5 | 1.02 | 43.7 | 2115.0 | 14.0 | 106.0 | 32.5 | 1.02 | 43.7 |
| Insilco Corp N | 19.38 | .75 | 4.0 | 19.88 | 18.63 | 28.13 | 14.00 | 3,042 | 1.46 | .96 | 52.1 | NE | 1.00 | 5.2 | ..... | 3 mos. | 03-88 | 186.2 | 6.0 | 10.0 | 28.2 | .47 | 27.0 | 186.2 | 6.0 | 10.0 | 28.2 | .47 | 27.0 |
| La Pacific N | 30.63 | 1.75 | 6.1 | 31.13 | 28.63 | 39.75 | 21.50 | 8,193 | 2.14 | 1.13 | 89.4 | 7.6 | .92 | 3.0 | ..... | 3 mos. | 03-88 | 483.0 | 14.2 | 46.5 | 185.3 | 1.21 | 181.4 | 483.0 | 14.2 | 46.5 | 185.3 | 1.21 | 181.4 |
| Macmillan Bloedel M | 16.25 | 1.75 | 12.1 | 16.38 | 14.63 | 23.50 | 12.00 | 17,675 | 1.73 | .56 | 208.9 | NA | .85 | NA | ..... | 3 mos. | 03-88 | 796.5 | 10.7 | 91.6 | 51.7 | .85 | 57.4 | 796.5 | 10.7 | 91.6 | 51.7 | .85 | 57.4 |
| Manville Cp N | 2.13 | .13 | 6.3 | 2.13 | 2.00 | 5.38 | 2.00 | 3,688 | 1.54 | 1.17 | 31.6 | .4 | .00 | .0 | ..... | 3 mos. | 03-88 | 502.2 | 5.7 | 35.7 | - 16.8 | 1.23 | - 19.1 | 502.2 | 5.7 | 35.7 | - 16.8 | 1.23 | - 19.1 |
| Masco Corp N | 29.63 | 2.75 | 10.2 | 29.75 | 26.75 | 39.25 | 18.75 | 30,342 | 2.29 | .92 | 148.9 | 16.2 | .40 | 1.4 | ..... | 3 mos. | 03-88 | 556.0 | 23.6 | 79.6 | 43.4 | .60 | 42.9 | 556.0 | 23.6 | 79.6 | 43.4 | .60 | 42.9 |
| Mor-Flo Inds M | 5.75 | .00 | .0 | 6.50 | 5.75 | 12.50 | 5.50 | 667 | 2.68 | .46 | 482.6 | NE | .01 | .2 | NEW | 3 mos. | 03-88 | 55.4 | - .2 | - .4 | - 100.0 | - .18 | - 100.0 | 55.4 | - .2 | - .4 | - 100.0 | - .18 | - 100.0 |
| Newell Co N | 40.38 | 3.38 | 9.1 | 40.50 | 36.75 | 43.00 | 21.13 | 1,210 | 1.05 | 1.07 | - 1.9 | 14.0 | 1.00 | 2.5 | ..... | 3 mos. | 03-88 | 236.2 | 133.2 | 9.9 | 62.3 | .64 | 25.5 | 236.2 | 133.2 | 9.9 | 62.3 | .64 | 25.5 |
| Nortek Inc N | 7.88 | .63 | 8.6 | 8.00 | 7.13 | 14.75 | 5.00 | 3,836 | 2.50 | 1.11 | 125.2 | NE | .10 | 1.3 | ..... | 3 mos. | 03-88 | 337.3 | 16.2 | 2.1 | - 77.2 | .14 | - 75.4 | 337.3 | 16.2 | 2.1 | - 77.2 | .14 | - 75.4 |
| Owens Corn N | 19.63 | 1.38 | 7.5 | 19.75 | 18.38 | 27.00 | 9.00 | 6,121 | 1.53 | 1.47 | 4.1 | 3.7 | .00 | .0 | ..... | 3 mos. | 03-88 | 632.0 | NC | 28.0 | NC | .56 | NC | 632.0 | NC | 28.0 | NC | .56 | NC |
| Ply-Gem A | 13.25 | .88 | 7.1 | 13.50 | 12.25 | 17.75 | 9.00 | 948 | .85 | .75 | 13.3 | 19.8 | .12 | .9 | ..... | 3 mos. | 03-88 | 88.4 | 26.6 | 3.4 | 3.0 | .30 | 3.4 | 88.4 | 26.6 | 3.4 | 3.0 | .30 | 3.4 |
| Pope & Talbot N | 19.25 | 1.00 | 5.5 | 19.63 | 18.13 | 27.25 | 9.75 | 1,662 | 1.39 | 1.01 | 37.6 | 7.9 | .50 | 2.6 | ..... | 3 mos. | 03-88 | 115.7 | 15.4 | 8.0 | 19.4 | .67 | 21.8 | 115.7 | 15.4 | 8.0 | 19.4 | .67 | 21.8 |
| Potlatch Cp N | 29.88 | 2.38 | 8.6 | 30.50 | 27.75 | 39.25 | 21.00 | 3,955 | 1.48 | .55 | 169.1 | 9.7 | .92 | 3.1 | ..... | 3 mos. | 03-88 | 258.2 | 3.9 | 26.5 | 48.9 | .95 | 50.8 | 258.2 | 3.9 | 26.5 | 48.9 | .95 | 50.8 |
| PPG Inds N | 43.38 | 2.88 | 7.1 | 44.13 | 40.50 | 53.50 | 27.50 | 19,057 | 1.60 | .84 | 90.5 | 12.3 | 1.20 | 2.8 | ..... | 3 mos. | 03-88 | 1373.4 | 8.9 | 118.6 | 36.5 | 1.07 | 46.6 | 1373.4 | 8.9 | 118.6 | 36.5 | 1.07 | 46.6 |
| Sherwin-Wms N | 27.13 | 1.38 | 5.3 | 27.88 | 25.88 | 36.13 | 20.13 | 4,949 | 1.13 | .85 | 32.9 | 12.5 | .64 | 2.4 | ..... | 3 mos. | 03-88 | 412.0 | 8.3 | 8.4 | .0 | .19 | 11.8 | 412.0 | 8.3 | 8.4 | .0 | .19 | 11.8 |
| Stanley Works N | 29.00 | 2.13 | 7.9 | 29.50 | 27.00 | 36.63 | 21.25 | 6,906 | 1.61 | .60 | 168.3 | 13.9 | .88 | 3.0 | ..... | 3 mos. | 03-88 | 466.3 | 11.9 | 21.3 | 20.3 | .49 | 19.5 | 466.3 | 11.9 | 21.3 | 20.3 | .49 | 19.5 |
| Thos Inds N | 21.88 | 2.38 | 12.2 | 22.00 | 19.50 | 22.38 | 13.81 | 1,956 | 1.86 | .64 | 190.6 | 12.4 | .68b | 3.1 | ..... | 3 mos. | 03-88 | 82.1 | 4.3 | 5.0 | 31.6 | .48 | 33.3 | 82.1 | 4.3 | 5.0 | 31.6 | .48 | 33.3 |
| Triangle Ind N | 31.38 | 1.63 | 5.5 | 31.63 | 29.63 | 44.00 | 22.50 | 9,454 | 4.17 | 1.58 | 163.9 | 14.9 | .12 | .4 | ..... | 3 mos. | 03-88 | 993.6 | 8.9 | 11.3 | 79.4 | .40 | 100.0 | 993.6 | 8.9 | 11.3 | 79.4 | .40 | 100.0 |
| Union Camp N | 35.63 | 3.25 | 10.0 | 35.75 | 32.63 | 47.63 | 26.00 | 16,212 | 2.20 | 1.05 | 109.5 | 11.2 | 1.24 | 3.5 | ..... | 3 mos. | 03-88 | 645.4 | 20.2 | 67.7 | 53.2 | .95 | 58.3 | 645.4 | 20.2 | 67.7 | 53.2 | .95 | 58.3 |
| USG Corp N | 46.63 | 1.38 | 3.0 | 46.63 | 45.00 | 55.88 | 23.50 | 50,232 | 9.73 | 5.29 | 83.9 | 15.1 | 1.12 | 2.4 | ..... | 3 mos. | 03-88 | 715.2 | 3.2 | 39.8 | - 53.2 | .77 | - 53.3 | 715.2 | 3.2 | 39.8 | - 53.2 | .77 | - 53.3 |
| Waxman Ind M | 14.38 | 1.50 | 11.7 | 14.63 | 12.88 | 14.63 | 7.25 | 2,043 | 3.04 | 2.18 | 53.2 | 15.1 | .14 | 1.0 | ..... | 9 mos. | 03-88 | 36.6 | 24.5 | 1.9 | 111.1 | .30 | 100.0 | 111.5 | 31.6 | 4.7 | 88.0 | .75 | 87.5 |
| Weyerhaeuser N | 27.13 | 3.28 | 13.8 | 27.13 | 24.00 | 38.34 | 12.69 | 47,860 | 1.56 | .76 | 105.3 | 13.7 | 1.20 | 4.4 | NEW | 3 mos. | 03-88 | 1855.5 | 14.7 | 114.2 | 12.1 | .36 | - 28.0 | 1855.5 | 14.7 | 114.2 | 12.1 | .36 | - 28.0 |

All Data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share
Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data are primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Data and Chats Provided by Media General Financial Services Inc., Richmond, Va. 23219

# After cold spring, sales of treated lumber kick into gear

(Continued from page 1)

"This has been an extremely good selling season so far," Linehan said, "[because] we've had a lot of successful promotions for both dimensional products and the specialty treated products."

The specialty treated products—such as hand rails, stair stringers, ballisters, plant boxes, bench kits, picnic table kits and lattice work—are all fueling an after deck market.

"Last year our customers built their decks, this year they're doing fancy things to them," said Rick Serrotos, lumber buyer for the three-unit Brown Lumber, in Algoma, Wis., in that state's scenic Door County.

Serrotos noted that the request for deck treatment products and specialized treated wood products are as strong as that for dimensional lumber itself.

"In an area like this, where the average house has a view of the Lake [Michigan], homeowners spend a lot of time and money on decks," he said. "It's good business for us."

Phil Mansell, lumber buyer and marketing director for Williams Brothers Lumber, Atlanta, said treated lumber sales are booming even though the 10-unit chain is primarily contractor oriented.

Mansell said the company is enjoying hefty sales movement led by both homeowners and remodelers who are building decks for others.

**Stocking quality product**

"It is extremely strong," Mansell said. "It's running better than last year."

Linehan, the Somerville Lumber buyer, attributed the success his company has had with treated lumber on buying good quality, visually appealing materials.

"We are lucky in that we have three quality-conscious suppliers," Linehan said. "The key is that you have to have quality. The consumer demands it today."

Manufacturers are hearing the call for good looking treated lumber as well.

One company—Rentokil in Norcross, Ga.—is promoting a treated lumber product that inhibits mold build-up while inventory is sitting on the yard.

The product, called Supa-Timber, is a mold inhibitor that allows retailers to treat their lumber inventories on the premises.

Tom Fitzgerald, Rentokil's national sales manager, said the one-time treatment allows the retailer to maintain a visually clean piece of lumber up to the point it is sold.

**One million new decks a year**

After the product is sold to the consumer, a wealth of deck care products are available to maintain the surface appearances. Wolmanized and Osmose, the two dominant licensing wood treating chemicals, are both manufacturing a broad lines of deck maintenance products.

Jim Moran, a spokesman for Koppers, the Pittsburgh building materials supplier that markets the Wolman chemical treating license to independent treaters, said the company's weather resistant and water repellant treatment products have been popular items from consumers in the past and prompted the company to create its Wolmanized Deck Care Center for retailers. The center is an endcap that stocks Wolman deck care products.

"We are definitely going after the after-deck market," Moran said. "After all, there are 25 million decks in America and 1 million new ones built a year. That's a lot of people who will need help and that's good business."

The Wolman Division of Koppers estimates the aftermarket for wood deck products at $206 million.

Robert Tanner, director of marketing for Hoover Treated Wood Products, a Ply-Gem Industries subsidiary based in Thompson, Ga., which is one of the country's largest independent treated lumber producers, said demand for treated dimensional products this season has been encouraging. He attributed the growth to deck product demand.

"It may be a fad, but I hope it's a long-term fad," Tanner said.

**EPA steps in**

Amid all the giddiness over treated lumber sales, a more sobering mission continues of informing consumers about the chemicals that are used to make the product.

George Eliades, president of the Society of American Wood Preservers (SAWP), Falls Church, Va., said the Environmental Protection Agency's order that the industry informs shoppers about the chemicals in treated lumber is gaining wider compliance.

The Consumer Awareness Program, which produces consumer information sheets, are being circulated widely by treaters and wholesalers.

A survey by the SAWP found that 79 percent of lumber dealers were aware of the CAP program and 70 percent were participating. This is in contrast to the participation and awareness levels of treaters, which is 100 percent on both departments.

But Eliades added there are some noteworthy examples of dealers trying to conform with the CAP program. He pointed to Hechinger, for example, which recently ran an advertising supplement with a box on the treated lumber page informing shoppers that information is available about preservatives.

# Coast lands TG & Y franchise account

(Continued from page 1)

Philip Lux, president and ceo of York, Pa.-based McCrory, added that "Coast to Coast [the name under which CoastAmerica's franchised dealers operate] will help us broaden our customer base and meet the needs of these local communities."

Department size is varied but dramatically large, said James R. Holland Jr., CoastAmerica executive vp and cfo.

In 15,000-square-foot TG&Y stores, for example, the companies are testing hardware departments of between 5,000 and 7,000 square feet, depending upon store layout, Holland said.

He noted that his company's Coast to Coast dealers operate stores varying from 2,000 to 18,000 square feet.

The test departments, using the Coast to Coast Total Hardware name, are slated to open late this summer in Lawton, Okla.; Harlan, Ky.; Gallup, N.M.; Edenton, N.C., and Folkston, Ga.

TG&Y management will make merchandising decisions with CoastAmerica's advice.

McCrory spokesman Alan Barrington told *NHCN* that Coast's logos will be used outside the stores, but the departments won't be separated from the rest of the stores.

The expanded hardware departments will boast wider assortments of hardware, automotive supplies, paint, sporting goods, DIY household items and electronics.

"They are a large, sophisticated franchise," Holland said of McCrory and TG&Y.

Barrington added that Coast will also help train the new departments' managers.

If the tests prove successful, TG&Y could choose to use similar departments in hundreds of stores, Holland said.

(In related news, McCrory has also agreed in principal to lease lighting departments to Tempo Lighting, a division of SOI Industries in Miami.

(Tempo officials are surveying approximately 100 TG&Y and McCrory stores.)

A major commitment to the hardware format could come within a year, Holland said, and would probably work best in small markets.

Negotiations lasted "a couple of months" before the companies agreed to the deal.

McCrory Stores, a $1.8 billion division of McCrory Corp., is one of the nation's largest 5 & 10 retailers, operating stores under the names J.J. Newberry, TG&Y, McLellan, H.L. Green, Kress, Silver, Elmore, Britts, Kittinger and McCrory.

Through the Coast to Coast subsidiary, CoastAmerica franchises nearly 1,000 retail hardware stores, mostly but not exclusively in rural communities. The company works with 250 home and auto stores, using the names Coast to Coast Auto and OTASCO. Last year, CoastAmerica's sales were $354.3 million.

# Mid-Cape is largest on Cape Cod

(Continued from page 2)

In the future millwork will be merchandised separately rather than as part of lumber and building materials. It will be allotted a specialist sales staff, similar to the company's policy in its key areas of kitchen, bath, flooring and appliances.

Mid-Cape will shortly begin retrofitting its Dennis, Mass., store to enlarge its millwork department and then may work on its Orleans unit. These two are the chain's highest yielding stores.

Due to the large size of the Hyannis store, Mid-Cape has placed its customer service desk in the center. A power aisle runs right down the middle into the drive-through yard, which was part of the original store and remains a popular feature for most customers.

The Hyannis store marks a new departure in color scheme for the chain with yellow gondolas instead of beige, and red endcaps, adding "more pizzaz" according to vp-operations Doug Bohannon.

# Studies focus on lumber usage

(Continued from page 3)

ers used to say, 'Give me a year with 1.6 million housing starts and I'll do great.' Well, now they can say the same with lower housing starts and still do well."

Although housing starts are expected to decline over the coming years, the WWPA does not necessarily view this with alarm for forest products producers. In fact, the WWPA's report suggests that long-term trends point to an increase in lumber demand well into the next century.

"New factors have changed the historic demand equation," the report stated. "Housing will play an important role in future demand trends, but at least for now, not in the same manner as it used to."

The figures the WWPA has amassed to support the view for increased lumber demand into the future is an argument the association will present in its debate with forest preservationists who support timber harvesting restrictions (*see related column, page 40*).

If the WWPA is correct, the association's numbers contradict those of environmentalists who have been arguing that demand for forest products is on the decline and, therefore, tree cutting should decline proportionally.

# Forest Service still needs funding

(Continued from page 3)

"The market is clearly signaling an indisputable fact that the supply of national forest timber is inadequate to meet this country's growing demand for wood products," said Mark Rey, vp of the NFPA.

Rey has attributed the boom in lumber consumption to both domestic and foreign demand.

The demand for wood products, which comes despite a decline in home-building activity, is spurred by the "repair and remodeling of existing homes by do-it-yourselfers, the fastest growing component of wood product demand," the NFPA statement asserted.

"The repair and remodeling market for wood products accounts for a larger share of total consumption than was the case a decade ago," an NFPA lumber industry profile reported. "Nearly a third of total softwood lumber demand can be attributed to this market segment, up from less than 20 percent 10 years ago."

# Sr. vp-merchandising Swanson leaves Lowe's

*By an NHCN staff editor*

NORTH WILKESBORO, N.C. — Robert L. Swanson has resigned as senior vp-merchandising of Lowe's, effective June 10.

The soft spoken, 54-year-old Swanson, known as well for his resemblance to former President Carter as his merchandising acumen, declined to comment on his reasons for leaving the industry's largest chain he joined five years ago from Montgomery Ward.

"I left on good terms with the company, and I resigned on my own volition," he said.

Wendall Emerine, Lowe's executive vp, in a prepared statement referred to Swanson as the "chief merchant" for the 296-unit chain. Emerine added that Swanson would continue to serve as a consultant for an indefinite period "to help us fill in what is a significant gap."

In an interview with *NHCN*, Emerine said that Swanson's departure "was not all that sudden. Bob and I have had an ongoing dialogue for several months about what direction we want the company to take into the 1990s in terms of product assortment, displays, and even philosophically, and we weren't in total agreement on a number of points."

During Swanson's tenure at the chain, Lowe's grew from $1 billion in sales to $2.6 billion in 1987. "When I arrived here in 1983, we were stocking stores with only 20,000 square feet. But now we've opened stores as large as 60,000."

Also during this period, Lowe's continued to get a higher percentage of its total volume from retail transactions, a shift Emerine expected to continue under Swanson's successor.

Swanson said his future plans were uncertain, but he asserted he wasn't interested in consulting full time. He is considering several options that include remaining in the home improvement field. He also noted that, at 54, he's got many years of productivity left. "I have a father who's 92 and still active."

# Payless Cashways considers buyout to fend off raiders

*(Continued from page 1)*

Edelman and partner Dwight Sutherland, president of competitor Sutherland Southwest, have been buying Payless stock over the past several weeks.

Following the Payless announcement, Edelman was quoted in the *Wall Street Journal* that the stock price would have to be higher if Payless's chairman David Stanley were to succeed.

Neither was available for comment.

Analysts believe a "mid-20s" offer for Payless would be too low. That price wouldn't offer sufficient incentive to Payless' biggest institutional shareholders to get behind a buyout requiring as much as $100 million in debt service.

But analyst Ward Lindenmeyer of Sutro & Co. in San Francisco believes that at a higher price, perhaps $28 to $30 a share, Stanley could pull it off. Analyst Bo Cheadle of Montgomery Securities, San Francisco, scoffed at a $25 per share price tag and has predicted Payless was worth $30 to $35 per share based on the pretax cash flow power.

"Like buying a car, you don't offer what you're willing to pay the first time out," said Cheadle.

Lindenmeyer of Sutro said Payless is an attractive LBO candidate, and he compared it to the LBO of Denny's, a national restaurant chain. (Denny's was subsequently bought by a larger concern.)

Both companies were held primarily by institutional investors, Wall Street viewed both as having open and accessible senior management and both had disappointing earnings performance.

An LBO by Stanley, speculated Lindenmeyer, would allow the company to pare stores and pick up margins. "[Stanley] would have a reason, but not a choice, to close stores," Lindenmeyer said. "Institutions will make the decision."

Cheadle thought Payless' ownership of an estimated $500 million in land could be attractive for lenders. He also thought Stanley or the management group could spin off subsidiaries for immediate cash to pay down debt.

He said Somerville Lumber, the "crown jewel" subsidiary operating units in New England, could be sold for $150 million, more if Somerville has secured future sites in that competitive market.

Neither analyst believed the Sutherland-Edelman group would mount a campaign to counter the LBO. Yet if the group sells its stake at $30 a share, they stand to make $33 million for a two-month investment, Lindenmeyer said.

The LBO rumor—circulated by a Dow Jones newswire story—came from another rumor: that Goldman Sachs, Payless' investment banker, had placed Payless issues on its restricted list and wouldn't accept new positions in the stock. The brokerage did not confirm the reported listing.

* * *

### Clarification

The previous article on Edelman's attempt to take over Payless noted his joining with Dwight Sutherland. Sutherland is president of Sutherland Southwest, which reportedly controls around 15 of Sutherland Lumber's 83 stores, not the largest portion of them as previously reported. Sutherland Lumber as a corporation is not involved in this takeover pursuit.

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# Fred Meyer forms one hardlines group

*(Continued from page 1)*

man, Oran B. Robertson, retired.

Company spokesman Rob Boley said the seven people who were cut in the streamlining were offered alternative positions in the chain. "No individuals were let go or asked to leave as a result of these changes," he said, adding that he knows of only one employee who "elected to leave."

"From an operations standpoint, district managers—whether assigned to general merchandise or home and garden department functions—have similar problems and opportunities," explained Boley. "It was a logical area to do some consolidation."

He said the consolidation was prompted by the January 1988 departure of veteran Fred Meyer executive Donald Tripp, senior vp, who joined Wal-Mart Stores.

The newly created hardlines division is headed by senior vp Gordon W. Deeds.

In related personnel moves, Fred Meyer named several long time employees to other new positions. Benjamin J. Staley is now vp of the Home and Garden Centers, reporting to Deeds.

Rod Kautz was named merchandise manager for home improvement and Mike Braman was named garden center merchandise manager.

The goal is to make Fred Meyer more efficient and profitable, "not just to reduce costs," said Boley, Fred Meyer's director of public relations who joined the company in December 1987.

Fred Meyer, which posted $1.85 billion sales last year, operates 100 stores in six Western states. The 200,000-square-foot-plus "superstores" contain 11 departments offering about 220,000 food and nonfood items.

Fred Meyer's one-stop shopping concept combines food, clothing, variety and home improvement. However, its home improvement departments, while large (they can be more than 25,000 square feet) have usually stocked a narrow product and brand assortment.

Boley said that Fred Meyer has "a lot of enthusiasm and confidence that Stevens is going to have positive influence on our home improvement business because of his wealth of experience in that area."

Stevens, 51, had been a K mart employee for 29 years and resigned while working in the capacity of executive vp-specialty retailing. In that role, Stevens was instrumental in expanding the Builders Square chain to its current 118 warehouse units, as well as overseeing the growth of Waldenbooks and Pay Less NW.

Fred Meyer does not break out the percentage its home improvement and garden operations contributed to company volume. But last year its nonfood sales made up about two thirds of its total revenue.

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National
# Home Center News®

Vol. 14, No. 14 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. July 11, 1988

## Mill strikes begin to affect lumber prices

By Milford Prewitt

NATIONAL REPORT — Prices for lumber and structural panel products are starting to escalate in the wake of the strikes in the Pacific Northwest.

Close to 20 mills in Oregon, Washington, Idaho and Montana were struck by union workers during the first week of June as contracts expired. Willamette Industries and Champion International together have 16 mills that are shut down as a result of the work stoppages.

Although the union and management at Willamette and Champion had stopped talking, negotiations are proceeding full steam

*(Continued on page 90)*

# Drought foils lawn and garden sales

By NHCN staff editors

NATIONAL REPORT — In Hinsdale, Ill., like all of Chicago's western suburbs, there's a total ban on lawn sprinkling to counter drought conditions.

The Hinsdale ban notice arrived in residents' mailboxes June 17, the same day Gee Lumber's unit in Hinsdale received its eight skids of sod.

After the dry weekend, Gee manager Michelle Priest tried to save the sod by unrolling it onto the sidewalk and hand watering it. Instead, she watched it die.

Priest said she ordered the sod—normally a hot commodity until later in the summer—on Monday, just three days before the ban was announced and, too late to cancel the order.

In virtually every part of the country, the same lament could be heard from home improvement retailers struggling to get through one of the hottest and driest early summers on record.

With temperatures in the 100s all over the nation, the drought became oppressive. The Agriculture Department, through the last week of June, had declared more than 1,200 U.S. counties—40 percent of the total—drought disaster areas.

Even as rains came in the Southeast and the promise of rain was held out in the Northeast, dealers nationwide approached the Fourth of July with wilted expectations of lawn and garden sales, although some retailers were able to report "booming" business in hoses and air conditioners.

"It's just too blamed hot to be working around the house," said Warren Hellbusch, the Columbus, Neb., store manager for the 15-unit Mead Lumber.

"There's no question, it's serious," added Maynard Jenkins, president of the 29-unit Orchard Supply Hardware in San Jose, Calif., where local officials have asked residents to reduce their water use by 25

*(Continued on page 91)*

*Home centers across the nation said the scorching heat, which has destroyed crops, cut into the business with farmers as well as DIYers who have found gardening futile.* Wide World Photos

# Hayward to sell or close units to avoid bankruptcy

By Brad Altman

CLAREMONT, Calif. — Financially struggling Hayward Lumber is paring down its operations by shuttering or selling 12 of its 16 lumberyards in a move designed to avoid the need to file for bankruptcy.

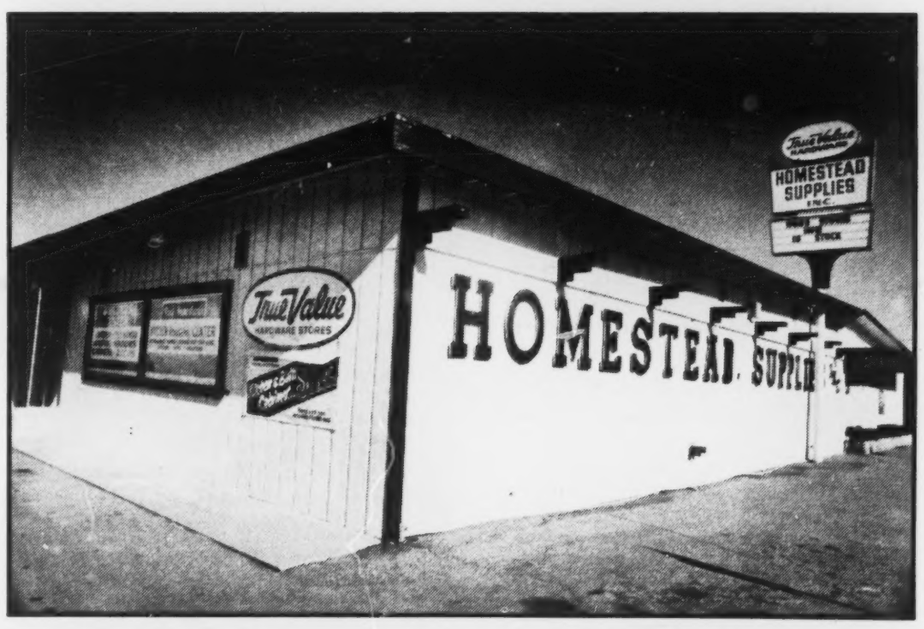
The consolidation will leave Hayward Lumber with just four remaining yards and an annual volume of about $15 million, compared with its previous $50 million in revenues.

Selling its businesses—including seven-unit Homestead Lumber Co.—is intended to fill corporate coffers and accommodate creditors who are owed "millions," corporate controller Greg Bossingham said.

He declined to be more specific concerning company indebtedness, but added that Hayward Lumber is using the services of the Los Angeles-based Credit Managers Association of California to pay its creditors.

"Using the credit group is a

*(Continued on page 90)*




*A 1985 photo of Homestead Supplies in Yucca Valley, Calif., part of a seven-unit chain that was purchased that year by Hayward Lumber and was rebought by its original owner June 6.* NHCN photo

## Canadian firm opens Southern lumber dist. yard

*By an NHCN staff editor*

TORONTO — The opening of new distribution is standard operating procedure for many wholesalers. But the recent opening of the first DC in the South by Green Forest Lumber is a major turning point for this Canadian-based distributor.

Green Forest Lumber opened its distribution yard in Huntersville, N.C., in early June to expand its market presence in the South and the

*(Continued on page 91)*

# Payless approves $900M management buyout

*By an NHCN staff editor*

KANSAS CITY, Mo. — The board of directors of Payless Cashways here has approved a definitive agreement for a management-led group to acquire the $1.8 billion chain for $27 per share, $1 per share higher than the group's initial offer in late June.

The 200-unit Payless has approximately 33.7 million common shares outstanding, and the deal, which is subject to receipt of financing and regulatory approval, could total more than $908 million, making this the largest retail leveraged buyout in the industry's history.

The June 30 agreement was with PCI Acquisition Corp., a newly formed group comprised of Payless executives, financial institutions and other investors, and led by Payless' chairman David Stanley, its president Larry Kunz, Somerville Lumber co-chairmen Mel and Harold Cohen, and five senior Payless vps. It was formed to thwart any takeover of Payless by an investor group led by Asher Edelman, which owns 8.1 percent of Payless' stock.

Edelman stands to make an estimated $21 million in profit if he sells to PCI.

"We are reviewing the situation carefully and are awaiting the definitive documentation related to the agreement," said Corey Horowitz, a general partner with Plaza Securities, the Edelman sector working on a potential takeover of Payless. He declined to comment on the price or if Edelman has sold off any more of his holdings.

The proposed tender offer would be conditioned on at least two-thirds of Payless'

*(Continued on page 92)*

## INSIDE

The Annual NHCN Survey of Consumer Attitudes: Contractors and their Customers 19

Entertainment centers become strong sellers 51

Dealers fight discounters in storage category 51

## NEWSBREAKS

**SERVISTAR HITS $1 BILLION IN SALES:** On June 7, the Butler, Pa.-based wholesale co-op surpassed this annual volume plateau for the first time and expects to post $1.071 billion when its fiscal year ends June 30.

**GENERAL BUILDING PRODUCTS TO BUY U.S. HOME SUBSIDIARY:** The two companies agreed to the sale of Dee Wood Industries for $16.8 million in cash. New Jersey-based Dee, with 1987 sales of $37 million, is a lumber, millwork and building materials supplier.

## INDUSTRY UPDATE

### Wolohan buys lumber dealer

SAGINAW, Mich. — The publicly traded Wolohan Lumber has acquired the assets of the three-unit Cash-Way Lumber, operating in western Michigan.

James Wolohan, president of the 42-unit chain, said the June 14 purchase was for units in Muskegon, Ludington and Holland, Mich. Estimated sales for Cash-Way were $10 million. No purchase price was given. "Our long-term goal is to acquire ongoing, well-operated lumber and building materials concerns in the six-state area," he said.

Cash-Way, which will switch its name to Wolohan this year, was a full-line home center, with just 10 percent of its business coming from contractors.

### PGL becomes Huttig subsidiary

AUBURN, Wash. — Palmer G. Lewis, the lumber and building materials distributor based here, is now a subsidiary of the Huttig Sash and Door Co. of Chesterfield, Mo.

Huttig completed its friendly acquisition of PGL by buying 2.7 million shares of PGL common stock for $11 a share. John N. Anderson, chairman of PGL, said the merger holds plusses for both companies.

First, in acquiring PGL, Hutting truly and physically becomes a national distributor with the subsidiary's West Coast facilities. For PGL, the benefits are the ability to move into specialized, added-value products.

### Goodbuys opens new Pa. unit

PHILADELPHIA — Mr. Goodbuys opened in Langhorne, Pa., on June 22 and had over 75,000 sales transactions on its first day, according to Tom Thornton, the chain's president and chief executive officer.

The 95,000-square-foot unit was remodeled from a former flea market. It is sited about three miles away from a Builders Square unit and a Hechinger store in the Oxford Valley Mall.

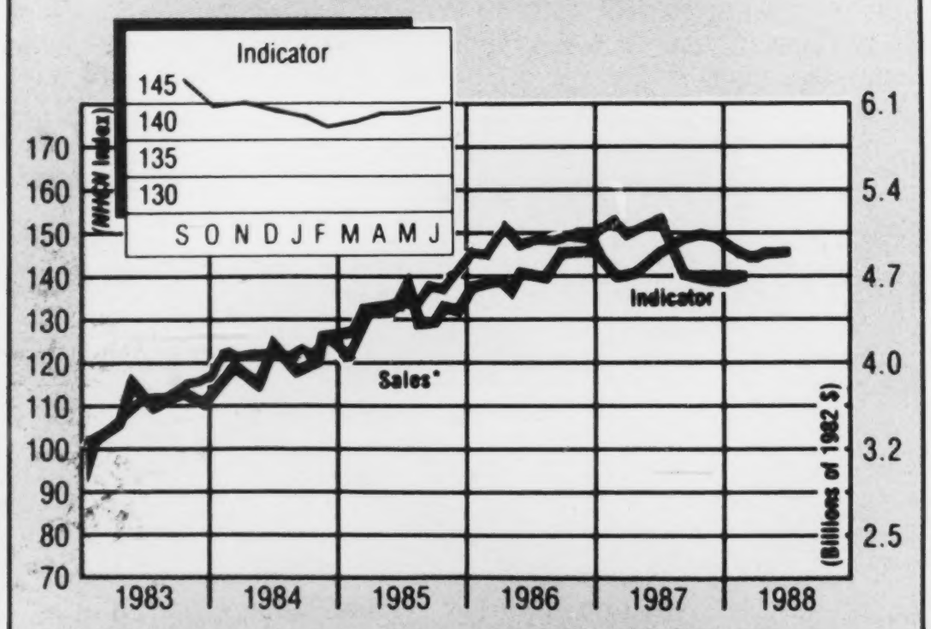
In a separate development, Mr. Goodbuys moved its offices to a facility with 150,000 square foot of warehouse space in northeast Philadelphia. Thornton stressed that this was an interim measure until its new DC is secured.

### Workers may buy out NW Steel

STERLING, Ill. — With Securities & Exchange Commission approval secured, the publicly held Northwestern Steel & Wire expects shareholder approval of an employee buyout plan by July 28.

Merlyn Bruns, director of human resources for Northwestern, maker of Sterling brand nails and fencing, said 51 percent of the company's new stock would be held by the 2,800 hourly and salaried employees in an employee stock option plan (ESOP). The remaining portion would be held by an outside investment group. Northwestern had sales in excess of $400 million last year.

### *NHCN* Leading Sales Indicator




*—Monthly retail trade building materials, hardware and supplies in (1982 $).

Indicator—represents an estimate offuture building material retail sales (adjusted for inflation) relative to Jan. 1980, based on current levels of housing starts and resales, personal income, interest rates and related data.

*The NHCN Leading Indicator is pointing to a decline in building materials sales in the second quarter due to weakness in single-unit housing starts and resales. The Business Watch column (page 79) highlights the outlook for New England building materials sales.*

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# Attorneys say detente is near for battling owners of Eclipse

By Gary S. Ruderman

ST. LOUIS — In the latest confusing chapter of Eclipse Industries, attorneys for the battling owners believe a solution is near where the company, which has filed for Chapter 11 bankruptcy protection, will speak to "the court and the trade" with a unified board for the first time since March.

And while the principals battle in courts here, the day-to-day operations of the five B&B Home Centers have been turned over to Joel Rice, described by other attorneys as a "respected [bankruptcy] workout specialist" in St. Louis.

Rice was chief financial officer of Eclipse from its founding in 1978 to 1983. In his mid-40s, he is known in the area for attempting to turn around a high-profile chain of liquor stores and was a trustee in the bankruptcy of the *St. Louis Globe Democrat*.

A spokesman for Eclipse said Rice had prior experience with the Zayre Corp. in Boston and Yankee Department stores, a defunct Detroit chain. He was unavailable for comment.

Attorneys, who are speaking for the principals in this shareholder dispute wrapped around the bankruptcy, were attempting to secure a truce between the parties before a June 28 court date on which hinges court approval of more temporary financing so Eclipse can stock its shelves and pay its employees.

Eclipse is under court protection from creditors under Chapter 11 of federal bankruptcy laws (*NHCN*, June 27).

Steve Feinstein, founder and 20 percent shareholder of Eclipse, and Don Navarro, a Dallas businessman and 80 percent owner, have taken to court to establish which faction is in control.

"The situation is still a bit

*(Continued on page 91)*

# Depot won't fill vacant exec vp post

*By an NHCN staff editor*

ATLANTA, Ga. — The Home Depot has no plans to name a successor to fill the executive vp post which was vacated when William G. Kelley resigned May 1, a company official said in late June.

In a statement released by The Home Depot, Kelley said he was resigning his executive vp and board of directors posts to launch "an entrepreneurial venture of my own." He could not be reached for comment.

"It just didn't work out," Ronald M. Brill, senior vp and cfo, said of Kelley's relatively brief tenure with the company. "We're not replacing him."

Kelley joined The Home Depot in August 1986. He was a member of The Depot's senior management group and reported to president Arthur Blank.

In an interview with *NHCN* in November 1986, Kelley described his responsibilities as overseeing advertising, import-buying, distribution and traffic.

He added, "My job function is to help in any way I can to [help Home Depot] go from $1 billion in sales to $5 billion and beyond."

Before joining The Home Depot, Kelley was corporate vp of Jack Eckerd Corp., Clearwater, Fla., in charge of its American Home Video subsidiary. Before that he was executive vp-merchandising at Lord & Taylor.

*William G. Kelley, former executive vice president, resigned from The Home Depot on May 1.* NHCN photo

# Fagen's couples doors with windows

*By an NHCN staff editor*

VERONA, Pa. — Fagen's Building Centers has pulled together a 500-square-foot, consumer-oriented department called the "Ultimate Door & Window Shop," spurring increased sales among contractors as well as DIYers and BIYers, said Jack Fagen, company president.

The department, which displays all of the doors and windows sold by the 19-store chain based here, was launched in May and has found a place in five Pittsburgh-area stores, Fagen said.

One by one, the company plans to organize a similar department in each store, he said, replacing the old method of merchandising doors and windows separately.

In another change, service has improved with Fagen's decision to dedicate a full-time salesperson to the department in some stores and two full-time people in others.

*Jack Fagen, president of Fagen's Building Centers.* NHCN photo

Some displays were built by the chain and others were obtained from the door and window manufacturers, and include the unit's presentation of bow and bay windows.

The department's computer lists the windows and doors available in the dimensions needed.

The company now also offers installation through subcontractors.

Despite the touches intended to attract BIYers, contractors are responding favorably to the department, Fagen said.

"We're getting a considerable amount of interest from professionals, though we set this up for consumer marketing," he said.

The general response has gratified Fagen, too, he said.

"This has enabled us to

*(Continued on page 90)*

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# Perspectives

Section 2

# THE SHADOW MARKET

## Contractors and their customers

*DIY activity drops only on the most complex projects* 20

*Homeowners view contractors as choice of last resort* 21

*Canada's Dominion Lumber lays plans for DIY unit* 44

# Perspectives

## 'Shadow' BIYers often lurk behind DIYers

*By an NHCN staff editor*

Home center shoppers are not always who they seem.

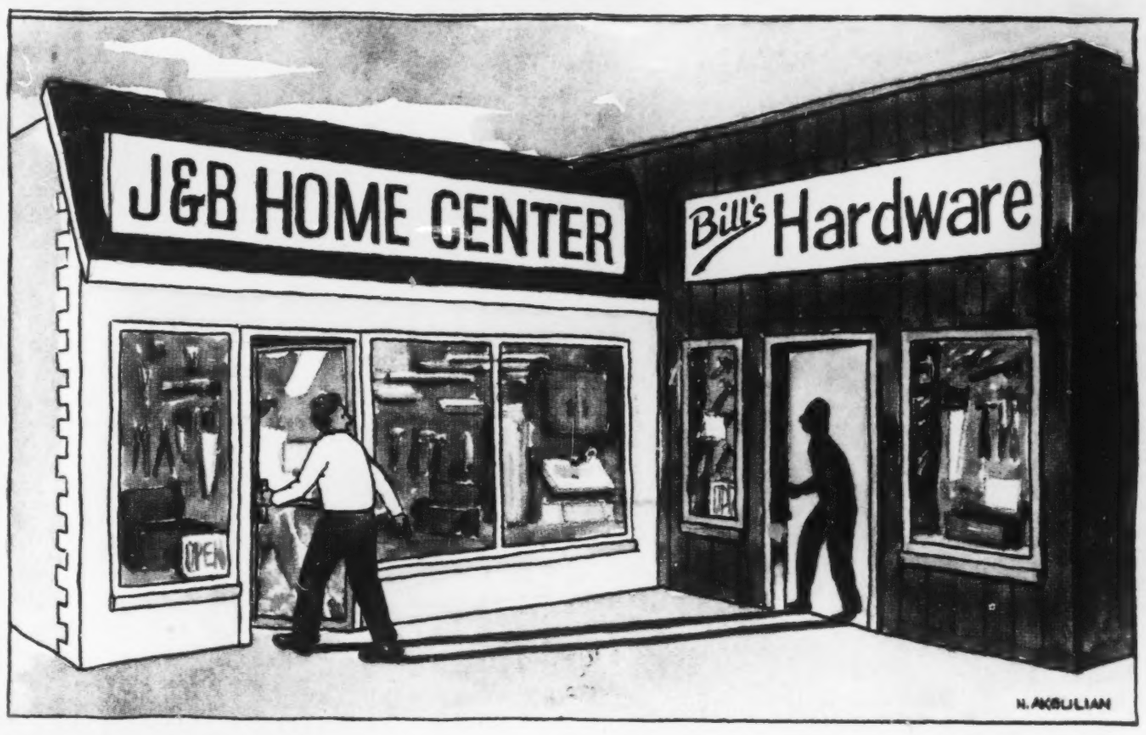
Often a customer is purchasing as a DIYer. But sometimes the same customer is buying materials for his contractor. The customer is the same, but his shopping needs differ.

While home centers have done a good job appealing to the customer as a DIYer, they have been much less successful in attracting the same customer when he's buying material that will be installed by a professional.

Consequently, a vast shadow market of potential sales lurks in the nation's home centers. The good news is that this market can be developed among current customers and without major changes to store or inventory. Here's why:

Most homeowners prefer to repair and remodel their homes themselves, and take great satisfaction in buying materials and completing these jobs.

Indeed, many homeowners are convinced their sweat equity will result in a completed project that looks as good as any work a professional contractor could do, even though it may take considerably longer for them to finish.




Part of the engine that drives the DIY market is the distrust homeowners harbor towards contractors, believing that the remodeler will overcharge them, do shoddy work or be difficult to deal with. This animosity often is mutual, as contractors insist they are called in to bail out a home improvement project an "inept" homeowner couldn't complete himself.

Despite this friction, homeowners conclude a project is too complex or time consuming and find they must call in a contractor about 25 percent of the time. But even when professional help is beckoned, the homeowner wants to maintain some control over the project, and that usually means controlling the purchase of products used.

A new study, based on interviews with 1,100 households, finds that one out of every five store visits by homeowners to purchase home improvement fare is made for jobs being done by remodelers. More important, 28 percent of all dollars spent at retail for home improvement are for products used by contractors doing the home improvement job.

However, this "shadow market" of homeowning buy-it-yourselfers is far less likely to shop a home center when they're buying for contractors than they would if they did the job themselves. Contractors contribute to this because of their natural bias against home centers, but it appears that home centers are faring less well than other dealers in providing the mix of services and products BIYers want.

The following stories and charts detail the reasons why homeowners turn reluctantly to contractors, and what they expect from a store when they assume a buy-it-yourself posture. It also illustrates some of the ways home centers can capture a greater share of the shadow market by serving as an ally—an advocate—of those BIYers while at the same time reducing the friction between homeowner and remodeler, and remodeler and home center.

## DIY activity drops only on complex home projects

*By an NHCN staff editor*

The United States is a do-it-yourself nation, and most homeowners actively want to improve their dwellings themselves without help from pros.

A Chicago homeowner who had just remodeled his bathroom may joke about "writing another check and having a contractor come" in if he had to do it again. But this same homeowner is more disposed towards tackling the project himself.

"I got into it. There was no problem. I looked forward to it. It was difficult. I did it . . . I liked it. I would do it again."

Indeed, when queried about 22 commonly done home improvement projects, 94 percent of the study's respondents expected to do at least one of these on their own.

As the adjacent pyramid shows, as the DIY job becomes more complicated, a lesser percentage of homeowners is willing to take it on. But about two thirds of those questioned were even willing to tackle the installation of kitchens, windows and new electrical wiring. There was a big falloff of DIY activity, though, when roofing or room additions were the jobs to be done.

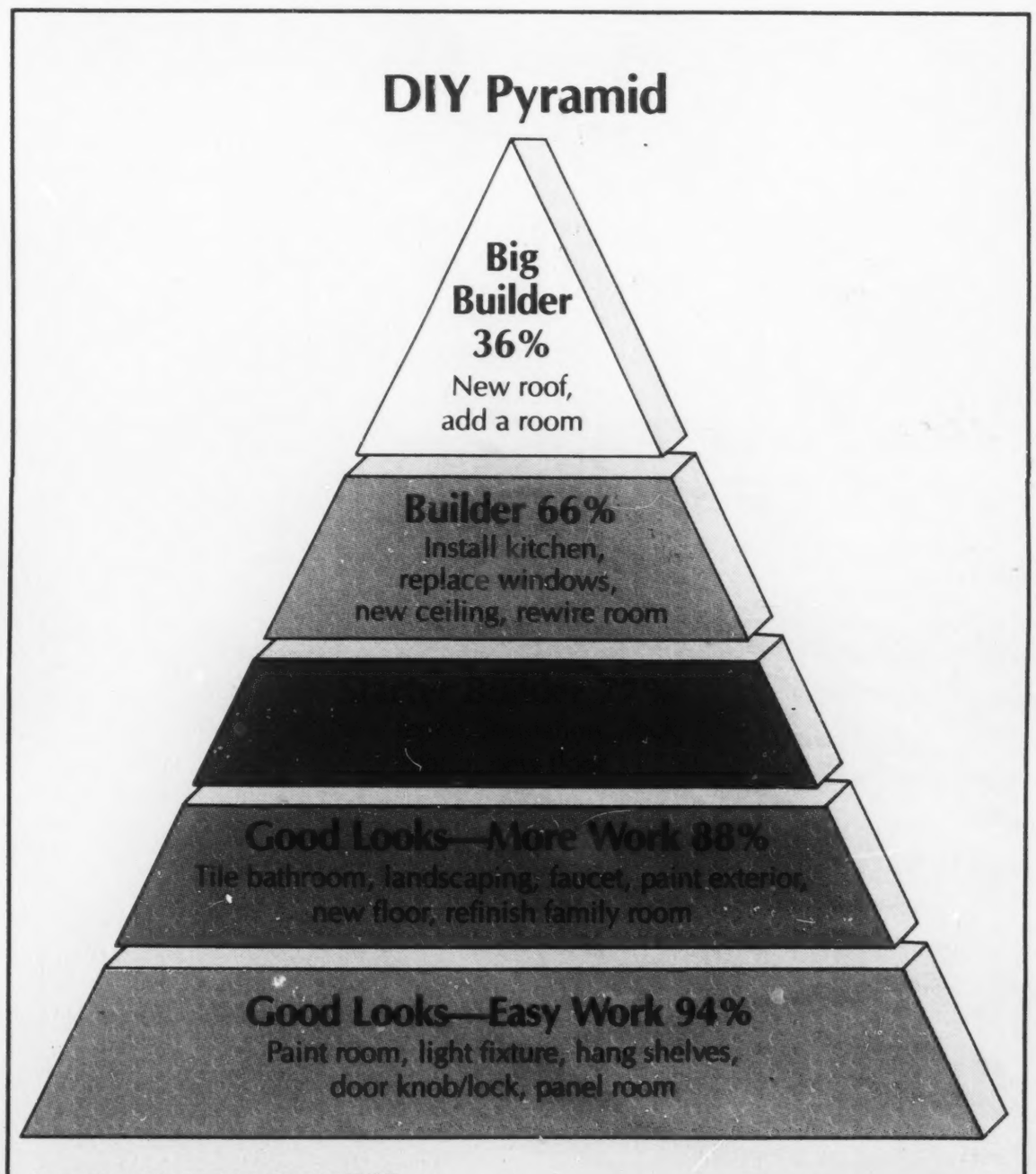
All this proves that most consumers can't resist doing some form of project. These "starter builders" turn to contractors only when major home rebuilding is required.

DIY, according to George Rosenbaum, president of Leo. J Shapiro & Associates, is a "universal" activity, generally consistent among all income groups and varying little by a homeowner's education.

However, the study found a direct correlation between the level of DIY activity and family formation, with the highest level of DIY involvement among married homeowners who were raising children.

Conversely, the willingness to do a job goes down as the homeowner gets older, with the average age of the low involvement group of 44 years being 10 years higher than the average age of middle and high involvement groups.

"I'll do anything that I feel capable of doing," said another Chicagoan. "[But] I had a roof put on. When I built my addition upstairs, I had somebody come and put the furnace in because I didn't feel capable of doing that. I had somebody come in and put in the . . . cast iron drains. I did the supplies myself. As time goes by, I just want to get things done quicker."


DIY Pyramid
Big Builder 36%
New roof, add a room
Builder 66%
Install kitchen, replace windows, new ceiling, rewire room
Good Looks—More Work 88%
Tile bathroom, landscaping, faucet, paint exterior, new floor, refinish family room
Good Looks—Easy Work 94%
Paint room, light fixture, hang shelves, door knob/lock, panel room

Source: Leo J. Shapiro & Associates for *NHCN*

**A survey of consumers in four large metro markets revealed that a huge percentage of homeowners are willing to tackle simple DIY jobs like painting, and as many as two-thirds of those polled said they'd take on more complicated projects like kitchen or window installation. It is only when the job becomes complicated or time consuming that a contractor may be called in.**

## DIYers appear to base their roots in three distinct areas

The motivations behind the do-it-yourselfer are varied. But among the homeowners surveyed for this study, these motivations appear to have their roots in three basic areas.

- Money. The more complicated a project becomes, the more expensive it is, generally. And for many homeowners, the ability to remodel their home hinges on their doing the work themselves to reduce the overall cost.
- Fundamental work values. Homeowners take pride in a job well done, and believe that the work they conduct upgrades their standard of living.

More significantly, some respondents noted that if they didn't do the work themselves, it wouldn't come out the way they wanted it. "When you do it, you get down to the fine points," said a homeowner interviewed during one of the Chicago focus groups. "I'll find this last piece of trim that just didn't look right. I'll redo it. When you hire someone, you know that they're not going to redo it. It's just not the same way that you'd do it."

- Personal satisfaction. DIY is personal, even intimate work, and most homeowners would prefer that a contractor not intrude into it.

In addition, many homeowners are simply willing to accept the challenge of a home improvement project and would be uncomfortable by not participating in its completion. Said one Chicagoan: "If I had the money, I don't know if I could stand by and watch."

The psychological foundation of DIY is very much tied into the dream, apparently held by many homeowners, of ultimately building their own home. And that d[illegible]comes more vivid as DIYers gai[illegible]erience. "I've built a deck. I think I'd like to build a house," said one interviewee. "I have thought about doing it. If I could build everything exactly the way I wanted it."